

# Interim Report 2026

## Pūrongo Taupua



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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 [Non-GAAP Measures](#) section of this report for reconciliations of NZ IFRS to non-GAAP measures, and the [Glossary](#) for definitions of non-GAAP measures referred to by Fonterra.

Front cover:  
Dave, Southland

Barlass Farm, Canterbury

# Message from our Chair & CEO



**Peter McBride**  
Chair

**Miles Hurrell (right)**  
Chief Executive Officer

## Delivery of strategy driving results

### Kia ora,

On behalf of your Board and management team, we are pleased to share with you Fonterra's FY26 interim results.

The Co-op has had a strong first half, maintaining consistent financial performance while also completing the Mainland Group divestment, which has been a significant programme of work.

During the first half of the year, the Co-op delivered revenue of \$13.9 billion and a return on capital of 11.2%, up on this time last year.

The Co-op is forecasting a Farmgate Milk Price midpoint of \$9.70 per kgMS and has announced an interim dividend of 24 cents per share fully imputed.

Fonterra has also confirmed a special Mainland dividend of 16 cents per share, fully imputed, made up of 100% of FY26 underlying earnings from Mainland Group while the business has been under the Co-op's ownership.

As we close out the sale of Mainland Group to Lactalis for \$4.22 billion, our priority now is implementing our strategy to grow further value for farmer shareholders and unit holders as a global B2B dairy provider.

### First half performance

This season has seen above average milk flows in New Zealand and globally, putting downward pressure on global commodity prices earlier in the season. Pricing has recovered more recently and this has been reflected in another lift in our forecast Farmgate Milk Price for the season.

Increased milk collections also put pressure on our New Zealand operations, particularly when combined with several adverse weather events. The resilience of our network has meant we have been able to operate through these challenges, but we acknowledge some farmers had their milk collections disrupted. At all times, it remains our Co-op's priority to reliably collect and process farmers' milk.

We continue to place a strong emphasis on attracting new farmers to the Co-op as well as retaining current suppliers. There are promising signs of securing additional milk, particularly in the South Island where we have collected record milk volumes this season. We are also making it easier for new farmer suppliers to join the Co-op and share up over time through changes to our shareholding requirements.

Throughout the season, we have maintained our focus on enhancing both the Farmgate Milk Price and earnings by optimising our product mix and allocating farmers' milk to the highest returning product.

We're seeing strong demand for our proteins, creams and cheeses through our Foodservice and Ingredients businesses and have a pipeline of investments planned to increase our capacity to manufacture these high value products.

These investments will help support our goal of returning the Co-op's earnings to FY25 levels by FY28, offsetting the divestment of Mainland Group. The other element of achieving this goal is taking costs out of the business. We have initiatives underway to improve operational efficiencies and reduce manufacturing costs over the coming years.

### Looking ahead

Farmer shareholders have given us a strong mandate to pursue our strategy as a global B2B dairy provider on the basis we will be a more focused, high performing business.

The divestment allows us to return capital to our owners and dedicate our milk, assets and innovation activities to the areas of the business that generate the best end-to-end value for farmers.

As we look out at the remainder of the year, we can see we will continue to face heightened uncertainty in the international markets.

The conflict in the Middle East is a complex and dynamic situation that is changing daily, but we are confident that we're on the right track to get product to customers.

Our business is designed to manage volatility. Our scale and strong relationships with customers and logistics provider Kotahi will help us to navigate through these challenges better than most.

Ngā mihi,



Peter McBride  
Chairman



Miles Hurrell  
Chief Executive Officer

Forecast Farmgate Milk Price range

NZ\$9.40-\$10.00

per kgMS

Earnings forecast

50-65 cents

per share

Profit after tax

NZ\$750m ↑

up 3%

Interim dividend, fully imputed

24 cents

per share

We're playing to our strengths  
to be the source of the world's  
most valued dairy

Progress  
on strategy



# 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 the 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**

# Progress on strategy

## Deliver the strongest farmer offering



- Introduced new initiatives to support early-career farmers
- Continued to optimise Advance Rate schedule to support on-farm cashflows (late 2025)

**More on page 12**

## Unleash our Ingredients engine



- Executing strategy through optimal product mix and allocating milk solids to highest accessible demand
- MyNZMP and MyNZMP Link digital sales channels continuing to grow rapidly

**More on page 13**

## Keep momentum in Foodservice



- Focused on protecting and accelerating the Anchor Food Professionals brand
- Built on our successful grass-fed dairy campaign in China to expand into additional Southeast Asian markets

**More on page 14**

## Invest in operations for the future



- Completed build of advanced protein hub at Studholme plant
- Started build of butter line at Clandeboye
- Edendale UHT cream expansion on track for completion late 2026

**More on page 15**

## Build on our sustainability position



- Within our climate focus area, now prioritising climate adaptation alongside emissions reductions
- Launched New Zealand Dairy Grass-Fed Administrative Standard in China

**More on page 17**

## Innovate to drive our advantage



- Developed tool to speed up formulation trials and accelerate time-to-market
- Supported the development of tools that lower on-farm emissions with AgriZeroNZ
- Fonterra Research and Development Centre is one of the largest of its kind in the world, and a hub of innovation

**More on page 18**

# Financial overview

Reported operating profit

\$1,231m

↑ From 1,107m

Reported profit after tax

\$750m

↑ From 729m

Reported earnings per share

45c

↑ From 44c

Normalised earnings per share

51c

↑ From 47c

Interim Dividend

24c

↑ From 22c

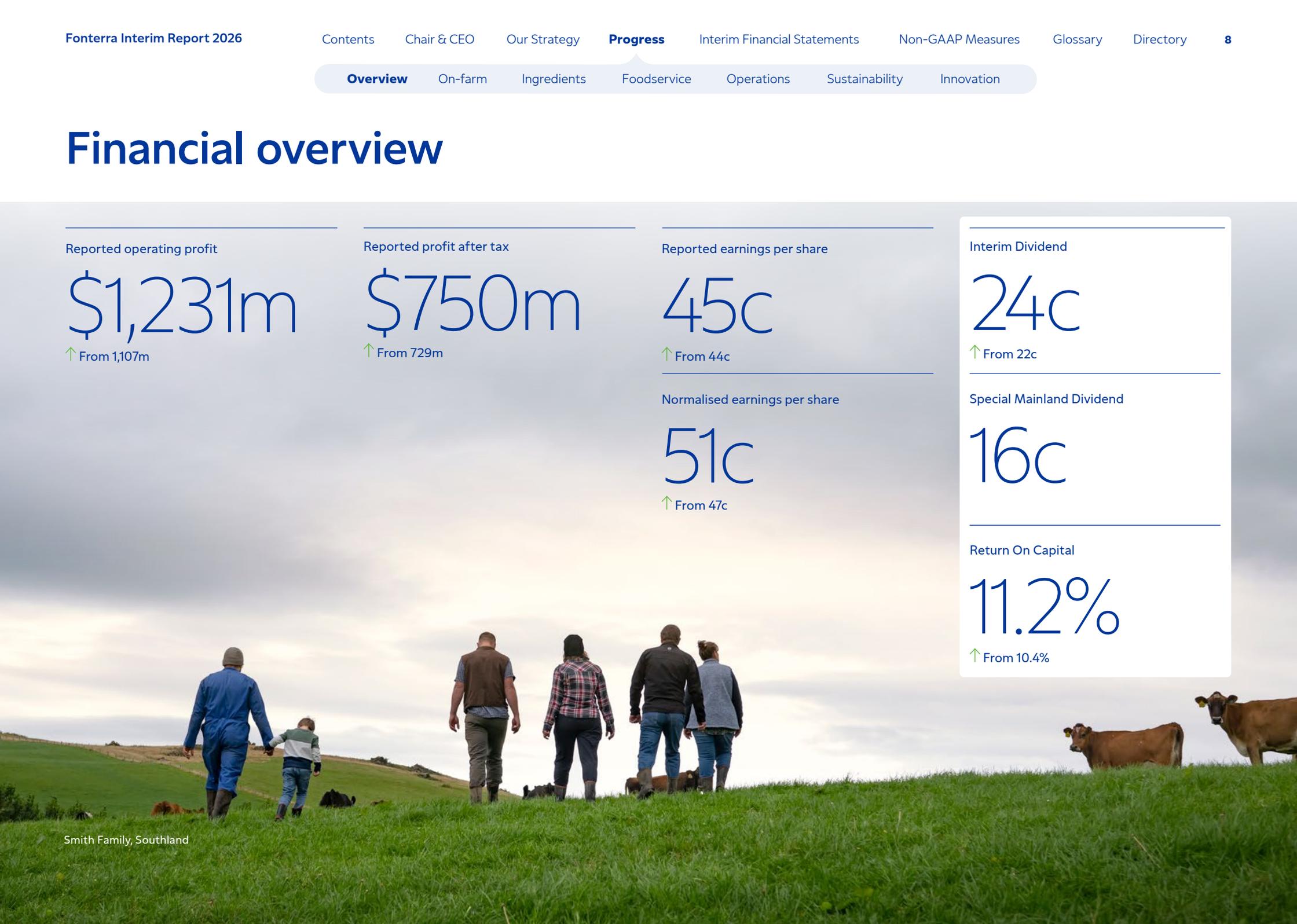
Special Mainland Dividend

16c

Return On Capital

11.2%

↑ From 10.4%



**Favourable product mix and resilient global demand for high value dairy Ingredients and Foodservice products have enabled the Co-operative to deliver an improved operating profit for the first six months of FY26 and a fully imputed interim dividend of 24 cents per share from continuing operations. In addition, a fully imputed special Mainland dividend of 16 cents per share has been confirmed, representing 100% of Mainland Group's FY26 earnings while under Fonterra ownership.**

The combination of both the fully imputed 40 cent dividend and the tax-free \$2.00 capital return, from the divestment of Mainland Group, will mean the Co-operative distributes \$3.9 billion in cash on 14 April 2026<sup>1</sup> to its shareholders and unit holders.

Total Group profit after tax was \$750 million, up \$21 million on the prior comparable period. Earnings per share attributable to equity holders increased to 45 cents, up from 44 cents in the prior period.

The Co-operative's performance for the first six months of FY26 includes \$90m in costs related to the divestment and separation of Mainland Group. These costs have been considered as part of the capital return, excluding them the Co-operative's normalised earnings per share is 51 cents.

Net debt has reduced from \$5.5 billion to \$4.9 billion reflecting working capital movements and stronger earnings relative to the prior year.

The Co-operative's return on capital of 11.2% is above last year and tracking to be within FY26 target range of 10 – 12%.



Dave & Darryl, Taranaki

<sup>1</sup> Based on the transaction completing at the end of March.

## Strong channel performance delivering sustainable return on capital

The following section is presented as if the Mainland Group divestment had already happened, using the methodology prescribed in the Notice of Special Meeting Booklet released to the NZX on 29 September 2025. The purpose is to help understand the estimated financial impact of the transaction on Fonterra’s financial performance for the first six months of FY26.



	Ingredients	Foodservice	Total
<b>External sales volume (million kgMS)</b>	625 ↓ 1.2%	141 ↑ 3.7%	766 ↓ 0.4%
<b>Operating Profit contribution from remaining operations (excluding Mainland)<sup>1</sup></b>			
<b>Core Operations</b>	\$47m ↓ \$245m	\$174m ↑ \$199m	\$221m ↓ \$45m
<b>In-market</b>	\$513m ↑ \$65m	\$198m ↑ \$1m	\$711m ↑ \$66m
<b>Total</b>	\$560m ↓ \$180m	\$372m ↑ \$200m	\$932m ↑ \$20m
<b>Return on Capital</b>	11.0%	12.6%	11.4%

<sup>1</sup> Prepared on a pro forma basis. Pro forma historical information has been prepared as if the transaction has already occurred. (i.e. to remove the effects of existing transfer pricing arrangements that will cease, and to recognise the impact of the agreements with the Mainland Group. The net impact is \$20m (31 January 2025: \$38 million).

**Core Operations** includes the business activities that collect and process New Zealand milk through to selling products to the in-market Ingredients and Foodservice business units. Core Operations operating profit is attributed to the channels to provide an end-to-end view of value created from Fonterra’s Ingredients and Foodservice businesses.

Core Operations’ operating profit of \$221 million is down \$46 million on prior year mainly due to the new Enterprise Resource Planning (ERP) system build costs and an increase in other costs such as energy and freight.

The value of protein and fat within milk is an important driver of the costs, and therefore earnings, attributed to the channels.

As illustrated in the monthly milk price graph, the cost of milk was materially higher in the first half of FY26 relative to FY25. This was primarily driven by an increase in protein-based Reference product prices. Therefore, a greater share of the milk cost uplift sat in the protein component. This reduced Core Operations’ operating profit attribution to the protein-weighted Ingredients channel by \$245 million year on year to \$47 million.

The Foodservice channel, which has a fat-weighted product portfolio had a corresponding \$174 million Core Operations operating profit attribution, \$199 million higher than the prior year.

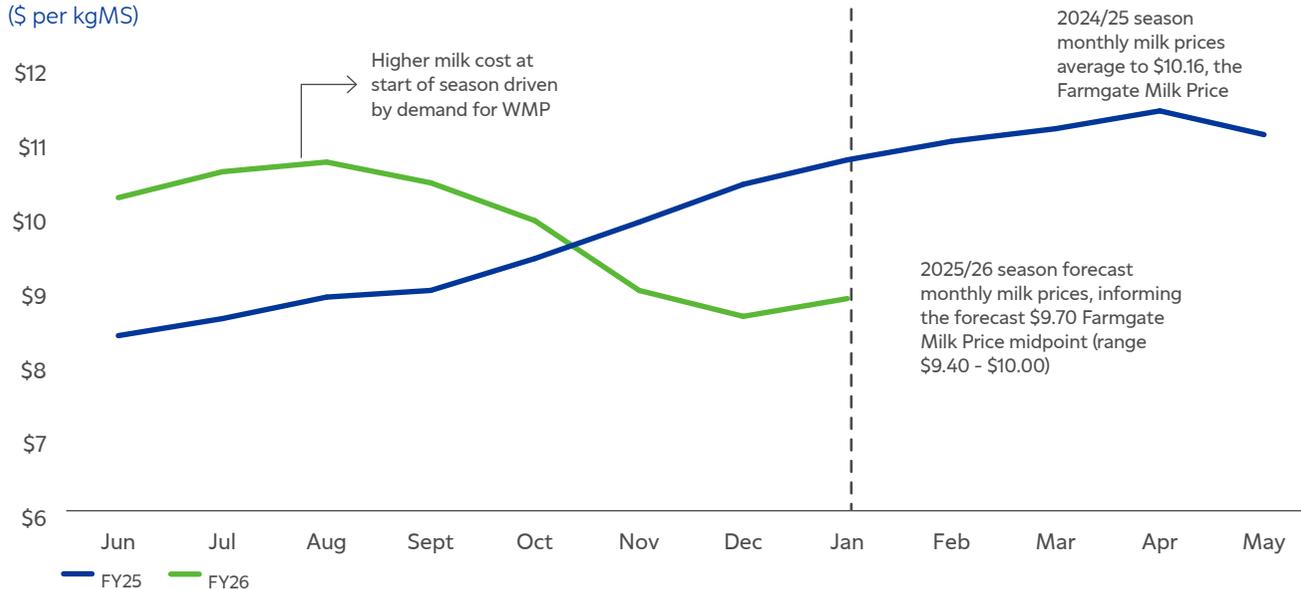
**End-to-end channel performance**

**Ingredients:** Operating profit \$560 million, down \$180 million. The channel’s in-market operating profit increased \$65 million, reflecting margin growth from better pricing and a favourable product mix across most regions, led by strong demand for high value functional proteins in Europe. The in-market performance was more than offset by the lower attribution from Core Operations.

**Foodservice:** Operating profit increased \$200 million to \$372 million, due to the higher Core Operations attribution. The channel’s in-market performance was in line with last year, as improved pricing and product mix were offset by milk cost pressures. Operating expenses were also lower as the business integrated and right sized the Greater China consumer business.

**FY25 and FY26 monthly milk prices**

(\$ per kgMS)



# Deliver the strongest farmer offering

## Work alongside farmers to help drive on-farm productivity and profitability

Our strategy is centred around growing end-to-end value for farmers. Maintaining our scale is key to this. We know farmers have a choice in processors, so we're focused on making our offering as competitive as we can. We are maximising total payout and supporting on-farm cashflows, providing options to gain greater Milk Price certainty, and providing tailored support to boost productivity and simplify compliance.

The Co-op is currently forecasting a Farmgate Milk Price range of \$9.40-\$10.00 with a mid-point of \$9.70 per kgMS for the 2025/26 season, down from \$10.16 last season. The change reflects higher milk supply both within New Zealand and globally, particularly out of the United States and Europe, putting downward pressure on commodity prices.

We collected milk from 8,120 supplying farms across New Zealand in the first half of the 2025/26 season. Milk collections for the season are forecast at 1,565 million kgMS, with 1,075 million kgMS collected as at 31 January – up 2.5% on the prior season. Favourable early-season weather for most regions supported pasture growth, lifting production across the country. The South Island has been a standout, delivering record collections for the first eight months of the season.

After gaining more milk from competitors than was lost last season, we continue to place a strong emphasis on attracting new farmers. This extends to those interested in supplying organic milk, with the Co-op's recent announcement to expand its successful organic business into the South Island.

We are introducing further initiatives to support early-career farmers. For example, new shareholders will have greater flexibility in how they reach their minimum shareholding requirements from next season. Other initiatives include 'Proud to Belong' events for young farmers at manufacturing sites, a new partnership with Growing Future Farmers, and continuation of the First Farm Award delivered in partnership with ASB.

We are also focused on retaining our existing farmers. One way we do this is by continuing to optimise our advance rate schedule to support on-farm cashflows, as was done in late 2025 to minimise the impact of a softening Farmgate Milk Price.

There are promising signs of the Co-op securing additional milk, particularly in the South Island, and we are continuing to explore opportunities to maintain and grow our market share.



Eva & Dave, Southland

Season to date collections

1,075m kgMS

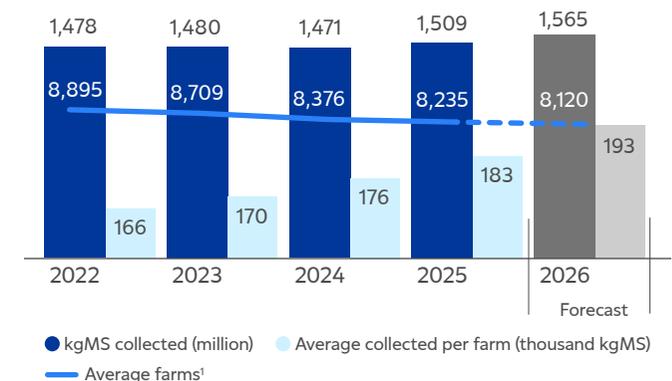
up 2.5%

Forecast milk price mid-point

\$9.70 per kgMS

### Fonterra supplier base and milk collections

(Full season figures)



<sup>1</sup> Average number of farms supplying milk for the season.

# Unleash our Ingredients engine

**Deepen our position as a world-leading provider of sophisticated dairy ingredients, to grow both the Farmgate Milk Price and earnings**

Strong milk flows in New Zealand and around the world have created pricing volatility and changing supply dynamics during the first half of FY26. In response, we have leveraged our global sales network to manage demand across regions and maximise the value of our farmers' milk.

In line with the Co-op's strategy, we have continued to focus on optimising our product mix by allocating milk solids effectively to the highest accessible demand. With milk collection tracking at 2.3% growth year-on-year, we have leveraged flexibility in our asset network and increased the manufacture of our highest returning product portfolios, such as cheese and proteins.

We continue to work closely with customers. Our MyNZMP and MyNZMP Link digital sales channels continue to grow rapidly, supporting a world-class customer experience, and our contracted sales book means we are well placed for the second half of the fiscal year.

The US ready-to-drink (RTD) market continued to perform strongly this half, with an annualised growth rate of 10%. Momentum in high-protein yoghurts is even stronger,



with 20g+ protein formats growing 65% year-on-year, contributing to 4.5% category growth overall. Similar dynamics are emerging in Europe, supported by a continued consumer focus on health and wellness nutrition.

Alongside protein, cheese has been a standout this half, driven by our product quality and grass-fed credentials, with demand growth across all major regions.

Through close collaboration with market leading customers, we are increasing share in our targeted, high growth segments that support key growth for our customers and end-to-end value for our farmers' milk.

## Advanced & specialty<sup>1</sup>

Cheese, casein, other proteins



— % of total milk solids manufactured

● NZ milk solids manufactured (kgMS millions)

<sup>1</sup> Subset of Advanced and Specialty, presenting the higher value portfolios

# Keep momentum in Foodservice

## Expand our successful Foodservice business in and beyond China to grow earnings

The Foodservice channel is focused on building one global team and simplifying how we deliver growth, volume and product mix across Greater China and Southeast Asia.

This approach centres on protecting and accelerating the Anchor Food Professionals (AFP) brand and delivering consistent execution across markets.

This year, we have continued to build on the successful grass-fed dairy campaign launched in China. [Reinforced by the New Zealand Dairy Grass-Fed Administrative Standard](#) we have strengthened our premium positioning, and this approach is now being extended to additional Southeast Asian markets.

Diversifying our cream portfolio and expanding our customer base remains a key focus. Anchor Easy Bakery Cream continues to perform strongly in China, valued for its functionality, quality and accessible price point. Its success demonstrates how differentiated solutions can drive growth across markets. The cream has now launched in Indonesia and Thailand, with other markets across Southeast Asia to follow.



**Foodservice**  
Greater China, Southeast Asia



### Case study: Vietnam – Driving growth through dairy upgrade

Vietnam’s dynamic culinary culture presents strong growth potential as tourism and demographic trends increase openness to new flavours. In Bakery, AFP chefs show how cream blending enhances flavour in premium products. In Dining, AFP cream is incorporated into desserts, soups and savoury dishes, adding richness and nutrition. Our localised approach builds on findings from China, where dairy cream usage in bakery grew from ~10% in 2013 to ~40% today.

# Invest in operations for the future

**An efficient manufacturing and supply chain network that allows us to flexibly allocate milk to the highest returning product and sales channel**

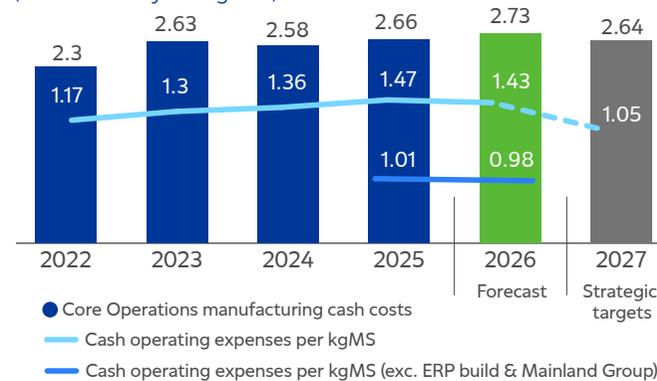
Fonterra experienced high milk production this season, with our teams processing near record volumes of milk at many plants. Our teams have responded well to the additional pressure on our supply chain, manufacturing, and storage facilities by closely monitoring product mix, asset performance, and inventory to support efficient processing of milk.

We have also experienced several significant weather events this season, which have impacted some farmers and operations across the country. Our planning and dispatch and tanker teams worked tirelessly during these events to keep collecting milk.

When the Co-operative released its refreshed strategy in September 2024, it published key business drivers with targets for FY26 and FY27, including efficiency metrics - cash operating expenses of \$1.12 per kgMS (post Mainland divestment level) and New Zealand manufacturing cash costs of \$2.62 per kgMS for FY26. Cash operating expenses per kgMS are currently forecast at \$0.98, meaning the Co-op is tracking ahead of the FY26 strategic target, reflecting continued cost discipline through the year.

## Efficiency metrics

(Full financial year figures)



New Zealand manufacturing cash costs per kgMS are forecast at \$2.73 compared to the FY26 strategic target of \$2.62, driven by higher input costs including lactose and additional secondary processing costs, partially offset by higher milk solids collections and ongoing efficiency gains. The Co-operative is reviewing its approach to lifting manufacturing cost performance as it works back toward the strategic targets.

### Enterprise Resource Planning (ERP) Transformation Update

We continue to make good progress with our ERP Transformation project, with one market and two New Zealand manufacturing sites now live. The five-year programme remains on track to wrap up in late 2028, with spend peaking in FY26 and FY27. The update will help future-proof the Co-op's critical processes and systems and reduce cash costs over time.



Katie & Campbell, Edendale

### Capital invested

Full financial year figures (\$ million)



During the half, we continued to invest in our assets to drive growth in our Foodservice and Ingredients businesses, and in projects intended to improve energy security, operational resilience, and reduce the Co-op's emissions.

We have completed construction of our \$75 million advanced protein hub at Studholme, with the first sample products coming off the line in February. In January, we commenced building our \$75 million butter line at Clandeboye, which will help us meet Ingredients and Foodservice demand for our various butter formats. At Edendale, the \$150 million UHT cream expansion is nearly complete, with first products expected in the second half of 2026.

We are also making good progress on our decarbonisation and energy security projects. In Whareroa and Edgecumbe, new electric boiler installations are on track for commissioning in the middle of this year, and Edendale's upgrade is targeted for completion in mid-2027. In Waitoa, installation of the Co-op's first resistive element boilers is now complete. Combined, these projects are expected to reduce the Co-op's emissions by around 96,000 tonnes per year.



Steve, Edendale

# Build on our sustainability position

## Further improve the Co-op's sustainability credentials, as we work towards our ambition to be net zero by 2050

The Co-op has recently reaffirmed the importance of our strategic choice to build on our sustainability position. We remain focused on climate, nature, and animal wellbeing, while creating sustainable long-term value. Within the climate focus area, we are now prioritising climate adaptation alongside emissions reductions, recognising the growing risks and opportunities that climate change brings.

We are assessing potential climate-related risks to milk supply and our operations, and building on existing work that supports adaptation and long-term resilience. For example, the Co-op has joined the [Resilient Pastures programme](#), a seven year initiative led by DairyNZ and the Ministry for Primary Industries. This programme aims to understand future climate conditions and actions that improve pasture resilience.

In parallel, we continue to work toward the emissions reduction targets outlined in our Climate Roadmap including our ambition to be net zero by 2050 and our 2030 targets: reducing absolute Scope 1 and 2 emissions by 50.4% and on-farm emissions intensity by 30% from an FY18 baseline.

Progress will not be linear, as we navigate seasonal conditions, technology readiness and on-farm adoption. For example, higher than forecast milk volumes in Q1 have influenced our FY26 target achievement.

Recently, we launched the Carbon Removals Tool, which uses remote sensing and AI to map vegetation on farms, and allows farmers to be recognised for the positive impact their farm planting has in reducing emissions.

We will also make our first Customer Emissions Incentive payments to farmers in October 2026. This is paid to farmers who achieve the Co-operative Difference and have one of the lowest emissions footprints in the Co-op\*.

Over the past six months, we have launched a second round of applications for our customer-funded On-Farm Solutions programme for 2025/26, and continue to partner with the New Zealand Government and industry on innovative agricultural emissions solutions via AgriZeroNZ. We're also partnering with DairyNZ on [Low N Systems](#) and other projects to reduce nitrogen losses and emissions.

In June 2025, we marked an important milestone with the launch of the New Zealand Dairy Grass-Fed Administrative Standard in China alongside Prime Minister Christopher Luxon. Fonterra's data exceeds the standard, with our farmers' cows spending more than 350 days on pasture and averaging 96% grass-fed\*\*. This provides greater assurance and credibility for our grass-fed claim in key markets and supports long-term value for the Co-op.

\* To receive the payment, farmers need to achieve the Co-operative Difference and have one of the lowest emissions footprints in the Co-op (around 30% lower than the average farm). This takes into account not only emissions from farming activities, but also those associated with land use change (e.g. the historical conversion of forests to pasture) and those released from peat soils, before subtracting any carbon removals.

\*\* Calculated on an 'as consumed' basis and averaged over the previous three seasons data. Grass-fed means cows mainly grazing on grass and crops in paddocks where they roam. Visit [fonterra.com/grass-fed](https://fonterra.com/grass-fed) for more information.



Matt & Adam, Taranaki

# Innovate to drive our advantage

## Use science and technology to solve the Co-op's challenges and build on our competitive advantages

In line with our strategy, the Co-op has continued to advance its innovation pipeline across products, processes, data and new business models. Our team and dedicated research and development centre remains focused on core dairy and advanced nutrition, manufacturing performance and capability, and strengthening in-market application capability to support long-term growth, efficiency and resilience.

We are using digital tools to bring products to customers faster and improve operational efficiencies. Dairy modelling, a predictive formulation tool, reduces trial work and accelerates time-to-market. Forecasts show it can improve the likelihood of achieving 12-month shelf-life performance for high-protein beverage development by 3.5x, while reducing formulation trials by approximately 70% and supporting functional whey capacity.

In addition, we piloted AFP ASCEND, a purpose-built AI-enabled platform, that combines internal data with external market insights to enable cross-sell campaigns for the Co-op's Foodservice business. With pilot markets seeing up to an 8% increase in sales value, our focus now is to expand its rollout to Southeast Asia and enhance it for new store growth. Eventually, AFP ASCEND can be utilised in our Global Ingredients and Farm Source Retail businesses to improve cross-sell campaigns.



Yiyang & Olivia, FRDC

The Ki Tua Fund, our Co-op's corporate venture capital arm, has invested in Swan Genomics, an early-stage DNA sequencing company using plasmonic nanoantenna technology to read DNA more efficiently and at lower cost. Whole genome sequencing is critical to the Co-op's current and future needs for food assurance, and the development of starter, and adjunct cultures for fermented products such as cheese, yoghurt, cream cheese and lactic casein.

Through AgriZeroNZ, we support the development of tools that lower on-farm emissions. Investment momentum has continued, with 14 ventures and research projects underway across methane inhibitors, feed additives, animal health and on-farm technologies. Several initiatives moved into on-farm trials and commercial readiness testing through Q4 FY25 and Q1 FY26.

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# Interim Financial Statements



## Independent Auditor's Review Report



### To the shareholders of Fonterra Co-operative Group Limited

#### Report on the interim consolidated financial statements

##### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on [pages 22 to 38](#) do not:

- present fairly, in all material respects, the Group's financial position as at 31 January 2026 and its financial performance and cash flows for the six month period then ended; and
- comply with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) issued by the New Zealand Accounting Standards Board and IAS 34 *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the interim consolidated statement of financial position as at 31 January 2026;
- the interim consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six month period then ended; and
- notes, including material accounting policy information.

##### Basis for conclusion

We conducted our review of the interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410 (Revised))*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim consolidated financial statements* section of our report.

We are independent of Fonterra Co-operative Group Limited in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has provided other services to the Group that are related to our role as the Group's auditor, such as assurance and agreed upon procedures services. We also provided assurance over the compilation of proforma information in the Notice of Meeting to shareholders. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

##### Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review work, this report, or any of the conclusions we have formed.

##### Responsibilities of the Directors for the interim consolidated financial statements

The Directors on behalf of the Company are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 and IAS 34; and
- such internal control a Directors determine is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Independent Auditor's Review Report CONTINUED



### Auditor's responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34.

A review of the interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Aaron Woolsey.

For and on behalf of:

A handwritten signature in blue ink that reads 'KPMG.' with a period at the end.

KPMG  
Auckland  
22 March 2026

## Statement of Financial Position

AS AT 31 JANUARY

(\$ MILLION)

	NOTES	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED	31 JUL 2025 <sup>1</sup> AUDITED
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		117	218	309
Trade and other receivables		1,912	2,499	1,462
Inventories		6,682	7,990	4,204
Derivative financial instruments		588	247	294
Other assets		96	109	73
Assets held for sale	2	4,365	–	3,815
<b>Total current assets</b>		<b>13,760</b>	<b>11,063</b>	<b>10,157</b>
<b>Non-current assets</b>				
Inventories		51	59	68
Property, plant and equipment	5	5,661	6,394	5,595
Intangible assets		787	1,779	818
Deferred tax assets		86	205	113
Derivative financial instruments		257	386	364
Other assets	5	481	462	411
<b>Total non-current assets</b>		<b>7,323</b>	<b>9,285</b>	<b>7,369</b>
<b>Total assets</b>		<b>21,083</b>	<b>20,348</b>	<b>17,526</b>

The Board approved and authorised for issue these Interim Financial Statements on 22 March 2026.

For and on behalf of the Board:



**Peter McBride**  
Chairman



**Bruce Hassall**  
Director

	NOTES	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED	31 JUL 2025 <sup>1</sup> AUDITED
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft		65	149	30
Borrowings	5	1,144	1,644	470
Trade and other payables	5	5,090	5,031	4,187
Tax payable		289	322	391
Derivative financial instruments		134	663	157
Other liabilities		86	136	149
Liabilities held for sale	2	1,018	–	969
<b>Total current liabilities</b>		<b>7,826</b>	<b>7,945</b>	<b>6,353</b>
<b>Non-current liabilities</b>				
Borrowings	5	4,115	4,163	2,668
Derivative financial instruments		52	132	65
Deferred tax liabilities		245	32	34
Other liabilities		59	78	62
<b>Total non-current liabilities</b>		<b>4,471</b>	<b>4,405</b>	<b>2,829</b>
<b>Total liabilities</b>		<b>12,297</b>	<b>12,350</b>	<b>9,182</b>
<b>Net assets</b>		<b>8,786</b>	<b>7,998</b>	<b>8,344</b>

### EQUITY

Subscribed equity	4	5,064	5,064	5,064
Retained earnings		3,168	3,031	3,007
Foreign currency translation reserve		222	186	158
Hedge reserves		226	(375)	11
Other reserves		26	10	11
Non-controlling interests		80	82	93
<b>Total equity</b>		<b>8,786</b>	<b>7,998</b>	<b>8,344</b>

1 Comparative information includes re-presentations for consistency with the current period.

## Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 31 JANUARY

(\$ MILLION)

	NOTES	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
Revenue from sale of goods	1	12,464	11,400
Cost of goods sold			
<i>New Zealand sourced cost of milk</i>		(9,839)	(9,805)
<i>Other collection and manufacturing costs</i>		(3,219)	(3,173)
<i>Increase in inventories</i>		2,478	3,347
Total cost of goods sold <sup>2</sup>	3	(10,580)	(9,631)
<b>Gross profit</b>		<b>1,884</b>	<b>1,769</b>
Other operating income		42	58
Foreign exchange gains		4	14
Operating expenses	3	(880)	(858)
Net finance costs		(87)	(84)
<b>Profit before tax from continuing operations</b>		<b>963</b>	<b>899</b>
Tax expense		(263)	(241)
<b>Profit after tax from continuing operations</b>		<b>700</b>	<b>658</b>
Profit after tax from discontinued operations	2	50	71
<b>Profit after tax</b>		<b>750</b>	<b>729</b>
Cash flow hedges and other costs of hedging, net of tax		215	(303)
Net investment hedges and translation of foreign operations, net of tax		55	59
Foreign currency translation reserve losses transferred to profit or loss		9	-
Other movements in reserves		-	(15)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>279</b>	<b>(259)</b>
Total items that will not be reclassified subsequently to profit or loss		1	8
<b>Total other comprehensive income/(expense)</b>		<b>280</b>	<b>(251)</b>
<b>Total comprehensive income</b>		<b>1,030</b>	<b>478</b>
<b>Earnings per share attributed to equity holders of the Co-operative</b>			
Basic and diluted earnings per share from continuing operations (\$)		0.42	0.40
Basic and diluted earnings per share from discontinued operations (\$)		0.03	0.04
<b>Total basic and diluted earnings per share (\$)</b>		<b>0.45</b>	<b>0.44</b>

1 Comparative information includes re-presentations for consistency with the current period.

2 This Statement is presented on a functional basis. The shaded information provides an additional breakdown of Cost of goods sold by nature of expense.

## Statement of Cash Flows

FOR THE SIX MONTHS ENDED 31 JANUARY

(\$ MILLION)

The Statement of Cash Flows presents total Group cash flows including continuing and discontinued operations.

	NOTES	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED		NOTES	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED
<b>Cash flows from operating activities</b>				<b>Cash flows from financing activities</b>			
Profit after tax		750	729	Proceeds from borrowings		3,979	4,792
Adjustments for:				Repayment of borrowings		(1,874)	(2,409)
Net finance costs		88	85	Dividends paid		(588)	(661)
Tax expense		393	293	Interest paid		(105)	(93)
Depreciation and amortisation		259	317	<b>Net cash flows from financing activities</b>		<b>1,412</b>	<b>1,629</b>
Gain on sale of businesses		(8)	(8)	<b>Net decrease in cash</b>		<b>(132)</b>	<b>(440)</b>
Foreign exchange losses		83	136	Opening cash		373	498
Other		16	(3)	Effect of exchange rate changes		(6)	11
Total adjustments		831	820	<b>Closing cash</b>		<b>235</b>	<b>69</b>
Increase in working capital and other operating activities	5	(2,370)	(3,319)	<b>Reconciliation of closing cash to the Statement of Financial Position</b>			
Net taxes paid		(407)	(54)	Cash and cash equivalents		117	218
<b>Net cash flows from operating activities</b>		<b>(1,196)</b>	<b>(1,824)</b>	Bank overdraft		(65)	(149)
<b>Cash flows from investing activities</b>				Cash balances included in assets and liabilities held for sale	2a	183	-
Acquisition of property, plant and equipment		(312)	(241)	<b>Closing cash</b>		<b>235</b>	<b>69</b>
Acquisition of intangible assets		(63)	(16)				
Acquisition of investments		(24)	(15)				
Other cash inflows		51	27				
<b>Net cash flows from investing activities</b>		<b>(348)</b>	<b>(245)</b>				

## Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 31 JANUARY

(\$ MILLION)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE CO-OPERATIVE						TOTAL EQUITY
	SUBSCRIBED EQUITY	RETAINED EARNINGS <sup>1</sup>	FOREIGN CURRENCY TRANSLATION RESERVE	HEDGE RESERVES	OTHER RESERVES	NON-CONTROLLING INTERESTS	
<b>As at 1 August 2025</b>	5,064	3,007	158	11	11	93	8,344
Profit after tax	–	730	–	–	–	20	750
Other comprehensive income/(expense)	–	–	64	215	9	(8)	280
<b>Total comprehensive income</b>	–	730	64	215	9	12	1,030
Transfer between reserves	–	(6)	–	–	6	–	–
<b>Transactions with equity holders:</b>							
Dividends paid	–	(563)	–	–	–	(25)	(588)
<b>As at 31 January 2026 (unaudited)</b>	5,064	3,168	222	226	26	80	8,786
<b>As at 1 August 2024</b>	5,064	2,966	127	(72)	20	76	8,181
Profit after tax	–	708	–	–	–	21	729
Other comprehensive income/(expense)	–	–	59	(303)	(10)	3	(251)
<b>Total comprehensive income</b>	–	708	59	(303)	(10)	24	478
<b>Transactions with equity holders:</b>							
Dividends paid	–	(643)	–	–	–	(18)	(661)
<b>As at 31 January 2025 (unaudited)</b>	5,064	3,031	186	(375)	10	82	7,998

1 Comparative information includes re-presentations for consistency with the current period.

## Basis of Preparation

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

### AT A GLANCE

The basis of preparation describes changes in material accounting policies and significant judgements and estimates, in addition to providing explanatory comments on the seasonality of Fonterra's operations.

### a) General information

Fonterra Co-operative Group Limited (Fonterra, the Company or the Co-operative) is incorporated and domiciled in New Zealand. Fonterra is registered under the Companies Act 1993 and the Co-operative Companies Act 1996, and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013. Fonterra is also required to comply with the Dairy Industry Restructuring Act 2001 (DIRA).

### b) Basis of preparation

These Interim Financial Statements comprise Fonterra and its subsidiaries (together referred to as the Group) and the Group's interests in its equity accounted investments.

These unaudited Interim Financial Statements:

- Comply with International Accounting Standard 34 *Interim Financial Reporting*;
- Comply with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*;
- Have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) applicable to for-profit entities;
- Are presented in New Zealand Dollars (\$ or NZD), which is Fonterra's functional currency, and rounded to the nearest million, except where otherwise stated; and
- Do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Group's Financial Statements for the year ended 31 July 2025.

The Group's operations are seasonal due to the profile of milk production in New Zealand. Milk production, and therefore the Group's milk collections and production volumes are higher in the New Zealand Spring (October and November). Consequently, the amount owing to suppliers, inventory balances and borrowings are higher at the 31 January interim reporting dates compared to the 31 July year-end reporting dates. This reflects the higher cash outflows required to support the business operations in the first six months of the financial year. Due to the seasonality of the Group's operations, additional comparative information for the Statement of Financial Position and associated Notes to the Interim Financial Statements has been presented in these Interim Financial Statements.

### Re-presentations

At 31 January 2026 and 31 July 2025, the Group's Consumer and associated businesses were classified as a disposal group held for sale and considered to be a discontinued operation:

- Discontinued operations are presented in a single line item in the Statement of Profit and Loss and Other Comprehensive Income in the current and comparative reporting periods. Comparative period information has been re-presented to reflect the classification of the Consumer and associated businesses as a discontinued operation.

Refer to [Note 2 Divestments](#) and [Note 6 Re-presentations](#) for further information.

- The Consumer and associated businesses were classified as a disposal group held for sale at 31 July 2025. Associated amounts are presented in assets held for sale and liabilities held for sale in the Statement of Financial Position at 31 January 2026 and 31 July 2025, and comparative amounts at 31 January 2025 have not been re-presented.

In [Note 3 Expenses](#), for consistency with the current period's treatment:

- The 31 January 2025 comparative amounts for Other ingredient purchases and manufacturing costs, and Energy costs have increased/decreased by \$68 million respectively; and
- The 31 January 2025 comparative amounts for Non-New Zealand sourced cost of milk of \$21 million related to domestic third party purchases and has been aggregated into New Zealand cost of milk.

In [Note 5e\) Borrowings](#), for consistency with the current period's treatment, the 31 July 2025 comparative amounts for proceeds and repayments have each increased by \$300 million (to include movements on a facility within the year).

An overstated prior period accrual has been released and opening Retained earnings at 1 August 2024 has increased by \$6 million, and Trade and other payables at 31 January 2025 and 31 July 2025 has decreased by \$6 million.

In addition, at each balance date the Group reassesses the aggregation and disaggregation of individual line items (and comparative information has been re-presented for consistency with the current period). Within [Note 5f\) Net movement in working capital and other operating activities](#), Derivatives movements has been disaggregated from Trade and other receivables movements (31 January 2025: \$212 million).

### c) Material accounting policies

The accounting policies applied in the preparation of these Interim Financial Statements are consistent with those applied in the Group's Financial Statements for the year ended 31 July 2025.

### d) Significant judgements and estimates

In the process of applying the Group's accounting policies and the application of accounting standards, a number of judgements and estimates have been made, consistent with those disclosed in the Group's Financial Statements for the year ended 31 July 2025.

## Basis of Preparation CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

### Forecast Farmgate Milk Price

The Farmgate Milk Price is the average price paid by Fonterra in a season, which is the 12 months ending 31 May, for each kilogram of milk solids (kgMS) supplied by farmer shareholders under Fonterra's standard terms of supply. The Farmgate Milk Price for a season is finalised after the end of that milk season. Global dairy commodity prices that inform the Farmgate Milk Price revenue are the most significant driver of the level of each season's Farmgate Milk Price.

Within the forecast Farmgate Milk Price, the majority of the milk sourced up until 31 January 2026 is contracted for sale at hedged NZD/USD exchange rates. This means that the Farmgate Milk Price revenue that would be earned from the milk sourced during the six months ended 31 January 2026 is largely known.

The full season forecast Farmgate Milk Price remains uncertain. This is because the Farmgate Milk Price revenue that will be earned from milk supplied during the remainder of the milk season ending 31 May 2026 is impacted by future global dairy commodity prices. Future global dairy commodity prices in USD are uncertain as they are influenced by global supply and demand dynamics, and their conversion to NZD is uncertain because the conversion of these USD selling prices to NZD depends on the NZD/USD exchange rate and associated hedging.

# Notes to the Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 JANUARY 2026



Te Wehi & Tomika, Bay of Plenty

## NOTE

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## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 1 Segment reporting and revenue

#### AT A GLANCE

This note provides information on the Group's organisational structure and segment performance, from continuing operations, together with information on the Group's external revenue. The Group's reportable segments are the Ingredients and Foodservice channels and Core Operations (excluding the Consumer and associated businesses).

Segment information provided in this note reflects the Group's performance from continuing operations only. The Consumer and associated businesses are considered a discontinued operation and have been excluded from the disclosures in this note. Please see [Note 2 Divestments](#) for further information about the Group's discontinued operations.

Effective 1 August 2025, Fonterra implemented changes to the Fonterra Management Team (FMT) aligned with a channel-led structure. Two new FMT roles were created to lead the Group's global Ingredients and Foodservice businesses, the President Global Ingredients and the President Global Foodservice. The President Global Ingredients replaces the President Global Markets - Ingredients FMT role.

Operating segments reflect the way financial information is regularly reviewed by the FMT. The FMT is considered to be the Chief Operating Decision Maker (CODM). At 31 January 2026, the FMT consists of the Group's Chief Executive Officer (CEO), Chief Financial Officer, Chief Operating Officer, the President Global Ingredients, the President Global Foodservice (who is also the CEO Greater China), the Chief Innovation and Brand Officer, the Managing Director People and Culture, the Managing Director Co-operative Affairs and the Managing Director M&A and Strategic Divestments.

The measure of profit or loss used by the FMT to evaluate the underlying performance of operating segments is earnings before interest and tax (EBIT).

The Group's operating model and the way financial information is presented to the FMT (and used to make decisions about resource allocations and assess performance) forms the basis for the Group's operating segments. This is evolving, and currently based around the two channels, Ingredients and Foodservice.

At 31 January 2026, the Group has determined that its reportable segments are the Ingredients and Foodservice channels, and Core Operations separately (comparative information within this note has been restated to reflect the change in the Group's reportable segments).

Core Operations comprises:

- Core operating functions which includes New Zealand milk collection, processing operations and assets, and Supply Chain;
- Farm Source™ retail stores; and
- The Central Portfolio Management function (CPM) which manages the physical and financial commodity portfolios including optimising the New Zealand milk pool, product pricing support for the regions, managing Fonterra's dairy and non-dairy price risk and providing price risk management tools to both our customers and farmer shareholders.

The way financial information is presented to the FMT and used to make decisions is expected to change in the near future, with the performance of Core Operations attributed to each of the channels. This may result in a reassessment of the Group's reportable segments at 31 July 2026.

REPORTABLE SEGMENTS	DESCRIPTION
Ingredients	Represents the global Ingredients channel.
Foodservice	Represents the global Foodservice channel, and residual Consumer channel.
Core Operations	Represents core operating functions, Fonterra Farm Source™ retail stores and CPM.

Corporate Services costs including Innovation and Brand, Group IT and Co-operative Affairs are allocated to Ingredients, Foodservice and Core Operations.

The performance of the Group's reportable segments includes transactions between the segments for the purchase and sale of goods, which are eliminated at the total Group level. Transactions between Core Operations and the other reportable segments are based on transfer pricing that is indexed where possible to observable market pricing (such as Global Dairy Trade prices). For products with specifications that vary from those with observable market pricing, incremental manufacturing and service costs are included in the transfer price.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 1 Segment reporting and revenue CONTINUED

External revenue presented in the following tables is determined in accordance with the accounting policy, estimates and judgements consistent with those disclosed in the Group's Financial Statements for the year ended 31 July 2025.

Core Operations includes external revenue together with adjustments to reflect that it acts as an agent for other segments, and the volatility associated with the Group's sales hedging activities.

	SIX MONTHS ENDED 31 JANUARY 2026 (UNAUDITED)				
	INGREDIENTS	FOODSERVICE	CORE OPERATIONS	ELIMINATIONS	TOTAL
<b>CONTINUING OPERATIONS</b>					
Revenue from sale of goods	9,478	2,608	10,411	(10,189)	12,308
Cost of goods sold	(8,789)	(2,229)	(9,733)	10,189	(10,562)
<b>Gross profit</b>	689	379	678	–	1,746
Operating expenses	(229)	(188)	(463)	–	(880)
Other <sup>1</sup>	33	7	6	–	46
<b>Normalised segment EBIT</b>	493	198	221	–	912
Add normalisation adjustment <sup>2</sup>					138
<b>Continuing operations EBIT</b>	493	198	221	–	1,050
<i>Other segment information:</i>					
– External revenue	8,552	2,577	23	–	11,152
– Inter-segment revenue	163	4	10,022	(10,189)	–
– Revenue from discontinued operations	919	27	366	–	1,312
<b>Continuing operations revenue</b>	9,634	2,608	10,411	(10,189)	12,464
– Depreciation and amortisation	(24)	(14)	(218)	–	(256)
– Share of profit of equity accounted investees	11	–	2	–	13

<sup>1</sup> Comprises other operating income (inclusive of the share of profit of equity accounted investees) and foreign exchange gains/(losses).

<sup>2</sup> Trade terms for sales and purchases between the Group and the 'Consumer and associated businesses' will change following the divestment. The pricing elements relating to trade terms which are not expected to continue following the divestment have been normalised, and excluded from segment results in this table.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 1 Segment reporting and revenue CONTINUED

	SIX MONTHS ENDED 31 JANUARY 2025 (UNAUDITED AND RESTATED) <sup>3</sup>				
	INGREDIENTS	FOODSERVICE	CORE OPERATIONS	ELIMINATIONS	TOTAL
<b>CONTINUING OPERATIONS</b>					
Revenue from sale of goods	8,779	2,442	9,448	(9,390)	11,279
Cost of goods sold	(8,180)	(2,057)	(8,772)	9,390	(9,619)
<b>Gross profit</b>	599	385	676	–	1,660
Operating expenses	(223)	(194)	(441)	–	(858)
Other <sup>1</sup>	34	6	32	–	72
<b>Normalised segment EBIT</b>	410	197	267	–	874
Add normalisation adjustment <sup>2</sup>					109
<b>Continuing operations EBIT</b>	410	197	267	–	983
<i>Other segment information:</i>					
– External revenue	7,855	2,336	(62)	–	10,129
– Inter-segment revenue	126	77	9,187	(9,390)	–
– Revenue from discontinued operations	919	29	323	–	1,271
<b>Continuing operations revenue</b>	8,900	2,442	9,448	(9,390)	11,400
– Depreciation and amortisation	(23)	(14)	(225)	–	(262)
– Share of profit of equity accounted investees	6	–	1	–	7

1 Comprises other operating income (inclusive of the share of profit of equity accounted investees) and foreign exchange gains/(losses).

2 Trade terms for sales and purchases between the Group and the 'Consumer and associated businesses' will change following the divestment. The pricing elements relating to trade terms which are not expected to continue following the divestment have been normalised, and excluded from segment results in this table.

3 Comparative information includes re-presentations for consistency with the current period.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 2 Divestments

#### AT A GLANCE

This note provides information on components of the Group that have been divested or are held for sale, and discontinued operations.

In August 2025 the Group announced it had agreed to sell the Group's global Consumer business (excluding Greater China) and Consumer brands, and the integrated businesses in Oceania and Sri Lanka to B.S.A. SAS (Lactalis) for \$4.22 billion. The sale also includes the Middle East and Africa Foodservice business, and the Bega licences held by Fonterra's Australian business.

At 31 January 2026, the Consumer and associated businesses continued to meet the criteria to be classified as held for sale and as a discontinued operation (31 July 2025: the Consumer and associated businesses under negotiation, excluding the Middle East and Africa Foodservice business and the Saudi Arabia Consumer business). There were no businesses recognised as held for sale at 31 January 2025.

The sale became unconditional on 6 March 2026, and is expected to be completed on 31 March 2026. Final cash proceeds remain subject to customary adjustments.

In association with the sale, a capital return of approximately \$3.20 billion (approximately \$2 per share) was approved by shareholders on 19 February 2026, and is expected to be paid to shareholders in April 2026. The balance of sales proceeds will be used to retire debt or applied as working capital.

### a) Disposal groups held for sale and divestments

The major classes of assets and liabilities held for sale are presented in the following table.

	31 JAN 2026 UNAUDITED	31 JUL 2025 AUDITED
<b>ASSETS AND LIABILITIES HELD FOR SALE</b>		
Cash and cash equivalents	183	94
Trade receivables	694	599
Inventory	1,248	986
Property, plant and equipment	1,135	1,071
Intangible assets	977	916
Deferred tax assets	84	87
Other assets	44	62
<b>Total assets held for sale</b>	<b>4,365</b>	<b>3,815</b>
Borrowings	101	104
Trade and other payables	708	593
Deferred tax liabilities	123	164
Other liabilities	86	108
<b>Total liabilities held for sale</b>	<b>1,018</b>	<b>969</b>
<b>Net assets held for sale</b>	<b>3,347</b>	<b>2,846</b>

At 31 January 2026 the Consumer and associated businesses continued to meet the criteria to be classified as held for sale as they are available for immediate sale, and the sale is highly probable. The amounts presented as held for sale at 31 January 2026 reflect the agreed sale perimeter, and at 31 July 2025 reflected the Consumer and associated businesses under negotiation at that date (which excluded the Middle East and Africa Foodservice business and the Saudi Arabia Consumer business).

At 31 January 2026, the foreign currency translation reserve attributable to the Consumer and associated businesses was a credit balance of \$205 million, which will be reclassified to profit or loss on completion of the sale (31 July 2025: \$122 million).

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 2 Divestments CONTINUED

#### b) Discontinued operations

During the six months ended 31 January 2026, the financial performance of the Consumer and associated businesses (including the Middle East and Africa Foodservice business) was recognised in profit after tax from discontinued operations, and comparatives have been re-presented on a consistent basis. Refer to [Note 6 Re-presentations](#) for further information.

The summarised financial performance recognised in profit after tax from discontinued operations is presented in the following table.

	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED
<b>DISCONTINUED OPERATIONS</b>		
Revenue of discontinued operations	3,147	2,840
Elimination of intra-group revenue:		
– Ongoing sales to continuing operations	(381)	(377)
– Ongoing sales to discontinued operations	(1,312)	(1,271)
Revenue presented in discontinued operations	1,454	1,192
Cost of goods sold of discontinued operations	(2,637)	(2,381)
Elimination of intra-group purchases:		
– Ongoing purchases from continuing operations	1,312	1,271
– Ongoing purchases from discontinued operations	381	377
Cost of goods sold presented in discontinued operations	(944)	(733)
<b>Gross profit</b>	<b>510</b>	<b>459</b>
Other operating income	21	15
Operating expenses <sup>1</sup>	(350)	(350)
Net finance costs	(1)	(1)
<b>Profit before tax from discontinued operations</b>	<b>180</b>	<b>123</b>
Tax expense	(130)	(52)
<b>Profit after tax from discontinued operations</b>	<b>50</b>	<b>71</b>

<sup>1</sup> Includes the Consumer and associated businesses divestment transaction costs of \$36 million (31 January 2025: \$40 million).

The profit after tax from discontinued operations is attributable to equity holders of the Co-operative.

The discontinued operations net increase in cash generated for the six months ended 31 January 2026 was \$87 million. This comprises net cash inflow from operating activities of \$60 million, net cash outflow from investing activities of \$19 million, and net cash inflow from financing activities of \$46 million.

On an ongoing basis, the Group continues to sell and purchase product to and from the Consumer and associated businesses presented in discontinued operations. Intra-group transactions between continuing and discontinued operations have been fully eliminated in the consolidated results: i) the amounts presented in continuing operations presents the continuance of these transactions; and ii) management has presented all eliminations within discontinued operations. The presentation of eliminations in the table above reflects the application of the Basis of Consolidation elimination principles set out in the Basis of Preparation of the Financial Statements for the year ended 31 July 2025. However, the results of discontinued operations do not reflect the revenue and cost of goods sold that would be presented in stand alone financial statements of those businesses.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 3 Expenses

#### AT A GLANCE

This note provides information on expenses and cost of goods sold by function that have been included in profit before tax from continuing operations (unless otherwise stated), together with additional information on expenses by nature.

#### a) Expenses by function

	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Cost of goods sold</b>	<b>10,580</b>	9,631
Administrative expenses	460	411
Selling and marketing expenses	149	173
Distribution expenses	128	132
Other operating expenses	143	142
<b>Operating expenses</b>	<b>880</b>	858

#### b) Expenses by nature

	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>COST OF GOODS SOLD</b>		
New Zealand sourced cost of milk	9,839	9,805
Other ingredient purchases and manufacturing costs	1,757	1,723
Employee benefits expense	542	538
Energy costs	328	324
Packaging	206	218
Storage and distribution	207	188
Depreciation and amortisation	179	182
Total other collection and manufacturing costs	3,219	3,173
Increase in inventories	(2,478)	(3,347)
<b>Total cost of goods sold</b>	<b>10,580</b>	9,631
<b>OPERATING EXPENSES</b>		
Employee benefits expense	409	389
Storage and distribution	68	64
Advertising and promotion	31	45
Information technology	113	97
Professional fees	73	74
Depreciation and amortisation	77	80
Enterprise Resource Planning system replacement	79	53
Other	30	56
<b>Total operating expenses</b>	<b>880</b>	858

1 Comparative information includes re-presentations for consistency with the current period.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 4 Subscribed equity instruments

#### AT A GLANCE

This note provides information on the Group's capital structure, including shares of the Co-operative and Units of the Fonterra Shareholders' Fund.

#### a) Co-operative shares, including shares held within the Group

A reconciliation of movements in shares of the Co-operative is presented in the following table.

	SHARES			\$ MILLION		
	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED
Co-operative shares on issue at beginning and end of period	1,609,190,555	1,609,190,555	1,609,190,555	5,078	5,078	5,078
Treasury shares at beginning and end of period	(5,000,000)	(5,000,000)	(5,000,000)	(14)	(14)	(14)
<b>Co-operative shares on issue, excluding treasury shares</b>	<b>1,604,190,555</b>	<b>1,604,190,555</b>	<b>1,604,190,555</b>	<b>5,064</b>	<b>5,064</b>	<b>5,064</b>

#### b) Units in the Fonterra Shareholders' Fund

There are 107,410,984 units on issue at 31 January 2026 (31 January 2025: 107,410,984 units, 31 July 2025: 107,410,984 units).

#### c) Capital return

In association with the Consumer and associated businesses sale, on 19 February 2026 shareholders voted to pass a resolution to approve a scheme of arrangement for the Co-operative's return of approximately \$3.2 billion of capital to shareholders (the Scheme). Final Court orders sanctioning the Scheme were made on 11 March 2026, and the Scheme will be implemented on 10 April 2026. The payment to shareholders is expected to be made in April 2026. Shares held by Fonterra Farmer Custodian Limited (as Custodian for the Fund) are also subject to the Scheme. The payment will be made to the Custodian for direct distribution to unit holders on the same date.

The capital return will be recognised as a reduction in subscribed equity, and has not been recognised in these Interim Financial Statements.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 5 Other disclosures

#### AT A GLANCE

This note provides further information on other matters related to the Group's interim reporting.

#### a) Property, plant and equipment

Additions of \$286 million (31 January 2025: \$221 million, 31 July 2025: \$746 million) were recognised during the period.

As at 31 January 2026 the Group was committed to spend \$344 million (31 January 2025: \$400 million, 31 July 2025: \$325 million), primarily related to buildings, plant, vehicles and equipment, software.

#### b) Equity accounted investees

The Group has provided funding of \$50 million to the AgriZero<sup>NZ</sup> joint venture at 31 January 2026 (31 January 2025: \$31 million, 31 July 2025: \$31 million).

#### c) Ki Tua Fund investments

At 31 January 2026 Ki Tua Fund investments included within Other non-current assets were \$69 million (31 January 2025: \$74 million, 31 July 2025: \$64 million).

#### d) Owing to suppliers

At 31 January 2026 Owing to suppliers, included within Trade and other payables, was \$3,074 million (31 January 2025: \$2,461 million, 31 July 2025: \$1,820 million).

#### e) Borrowings

	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 <sup>1</sup> AUDITED
Total current borrowings	1,144	1,644	470
Total non-current borrowings	4,115	4,163	2,668
<b>Total borrowings</b>	<b>5,259</b>	<b>5,807</b>	<b>3,138</b>
<b>Opening balance</b>	<b>3,138</b>	<b>3,388</b>	<b>3,388</b>
Proceeds	3,963	4,792	5,849
New lease liabilities	44	40	85
Repayments	(1,856)	(2,476)	(6,128)
Foreign exchange movements	4	59	(17)
Changes in fair values	(6)	12	48
Transferred to liabilities held for sale	–	–	(104)
Other	(28)	(8)	17
<b>Closing balance</b>	<b>5,259</b>	<b>5,807</b>	<b>3,138</b>

<sup>1</sup> Comparative information includes re-presentations for consistency with the current period.

#### f) Net movement in working capital and other operating activities

A breakdown of the cash outflows resulting from the increase in working capital and other operating activities from the Statement of Cash Flows is presented in the following table.

	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
Trade and other receivables	(595)	(374)
Inventories	(2,723)	(3,601)
Trade and other payables	980	878
Derivatives	(5)	(212)
Other movements	(27)	(10)
<b>Total increase in working capital and other operating activities</b>	<b>(2,370)</b>	<b>(3,319)</b>

<sup>1</sup> Comparative information includes re-presentations for consistency with the current period.

This table includes movements in held for sale working capital balances, as these form part of the adjustments presented in the Statement of Cash Flows for the Group.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 5 Other disclosures CONTINUED

#### g) Fair value measurement

The fair value hierarchy for financial assets and financial liabilities measured at fair value is presented in the following table.

	LEVEL 1			LEVEL 2			LEVEL 3		
	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED
<b>Measured at fair value on a recurring basis</b>									
Derivative assets	24	133	141	821	500	517	–	–	–
Derivative liabilities	(38)	(18)	(28)	(148)	(777)	(194)	–	–	–
Other	53	46	50	–	–	–	75	85	70
<b>Measured at fair value on a non-recurring basis</b>									
Net (liabilities)/assets held for sale	–	–	–	(7)	–	(2)	–	–	–
<b>Fair value</b>	<b>39</b>	<b>161</b>	<b>163</b>	<b>666</b>	<b>(277)</b>	<b>321</b>	<b>75</b>	<b>85</b>	<b>70</b>

The fair value of financial assets and liabilities not measured at fair value approximates carrying value.

#### h) Dividend declared after the reporting period

On 22 March 2026, the Board declared a fully imputed interim dividend of 24 cents per share together with a special dividend of 16 cents per share, to be paid on 14 April 2026 to all holders of Co-operative shares on issue at 30 March 2026.

## Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

### 6 Re-presentations

#### AT A GLANCE

This note provides a summary of the effect of excluding the Consumer and associated businesses from continuing operations and presenting it as a discontinued operation in the comparative period Statement of Profit or Loss and Other Comprehensive Income, for consistency with the current period treatment.

The following table shows the financial effect on the Group's Statement of Profit or Loss and Other Comprehensive Income from the re-presentation of the Consumer and associated businesses from continuing operations into discontinued operations.

	31 JAN 2025 CONTINUING OPERATIONS	TRANSFERRED TO DISCONTINUED OPERATIONS	31 JAN 2025 CONTINUING OPERATIONS RE-PRESENTED
Revenue	12,592	1,192	11,400
Cost of goods sold	(10,364)	(733)	(9,631)
<b>Gross profit</b>	<b>2,228</b>	<b>459</b>	<b>1,769</b>
Other operating income	62	4	58
Foreign exchange gains	17	3	14
Operating expenses	(1,208)	(350)	(858)
Net finance costs	(85)	(1)	(84)
<b>Profit before tax</b>	<b>1,014</b>	<b>115</b>	<b>899</b>
Tax expense	(293)	(52)	(241)
<b>Profit after tax</b>	<b>721</b>	<b>63</b>	<b>658</b>

# 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 following tables for reconciliations of NZ IFRS to non-GAAP measures, and the Glossary for definitions of non-GAAP measures referred to by Fonterra.

## Reconciliation from profit after tax to total Group normalised EBITDA

	GROUP \$ MILLION	
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Profit after tax</b>	<b>750</b>	729
Net finance costs from continuing operations	87	84
Net finance costs from discontinued operations	1	1
Tax expense from continuing operations	263	241
Tax expense from discontinued operations	130	52
Depreciation and amortisation from continuing operations	256	262
Depreciation and amortisation from discontinued operations	3	55
<b>Total Group EBITDA</b>	<b>1,490</b>	1,424
Consumer and associated businesses divestment costs	36	40
<b>Total normalisation adjustments</b>	<b>36</b>	40
<b>Total Group normalised EBITDA</b>	<b>1,526</b>	1,464

## Reconciliation from continuing and discontinued profit after tax to continuing and discontinued normalised EBIT

	GROUP \$ MILLION	
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Profit after tax from continuing operations</b>	<b>700</b>	658
Net finance costs from continuing operations	87	84
Tax expense from continuing operations	263	241
<b>Total continuing operations EBIT (Operating profit)</b>	<b>1,050</b>	983
Normalised sales between continuing and discontinued operations <sup>2</sup>	(138)	(109)
<b>Normalised continuing operations EBIT (Operating profit)</b>	<b>912</b>	874

1 Comparative information includes re-presentations for consistency with the current period.

2 Trade terms for sales and purchases between the Group and the Consumer and associated business will change following the divestment. The pricing elements relating to trade terms which are not expected to continue following the divestment have been normalised for continuing operations, with an offsetting impact in discontinued operations.

## Non-GAAP measures CONTINUED

### Reconciliation from continuing and discontinued profit after tax to continuing and discontinued normalised EBIT

GROUP \$ MILLION		
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Profit after tax from discontinued operations</b>	<b>50</b>	71
Net finance costs from discontinued operations	1	1
Tax expense from discontinued operations	130	52
<b>Total discontinued operations EBIT (Operating profit)</b>	<b>181</b>	124
Consumer and associated businesses divestment costs	36	40
Normalised sales between continuing and discontinued operations <sup>3</sup>	138	109
<b>Normalised discontinued operations EBIT (Operating profit)</b>	<b>355</b>	273

### Reconciliation from profit after tax to total Group normalised EBIT

GROUP \$ MILLION		
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Profit after tax</b>	<b>750</b>	729
Net finance costs from continuing operations	87	84
Net finance costs from discontinued operations	1	1
Tax expense from continuing operations	263	241
Tax expense from discontinued operations	130	52
<b>Total Group EBIT (Operating profit)</b>	<b>1,231</b>	1,107
Normalisation adjustment (as detailed above)	36	40
<b>Total Group normalised EBIT (Operating profit)</b>	<b>1,267</b>	1,147

### Reconciliation from profit after tax to normalised profit after tax and normalised earnings per share

GROUP \$ MILLION		
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Profit after tax</b>	<b>750</b>	729
Consumer and associated businesses divestment costs	36	40
Normalisation of Consumer and associated businesses tax expense arising from separation activities	54	–
<b>Normalised profit after tax</b>	<b>840</b>	769
Profit attributable to non-controlling interests	(20)	(21)
<b>Normalised profit after tax attributable to equity holders of the Co-operative</b>	<b>820</b>	748
Weighted average number of Co-operative shares (thousands of shares)	1,606,309	1,607,067
<b>Normalised earnings per share (\$)²</b>	<b>0.51</b>	0.47

### Reconciliation from continuing and discontinued gross profit to continuing and discontinued normalised gross profit and total Group gross profit

GROUP \$ MILLION		
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED
<b>Gross profit from continuing operations</b>	<b>1,884</b>	1,769
Normalised sales between continuing and discontinued operations <sup>3</sup>	(138)	(109)
<b>Normalised gross profit from continuing operations</b>	<b>1,746</b>	1,660
<b>Gross profit from discontinued operations</b>	<b>510</b>	459
Normalised sales between continuing and discontinued operations <sup>3</sup>	138	109
<b>Normalised gross profit from discontinued operations</b>	<b>648</b>	568
<b>Total Group gross profit</b>	<b>2,394</b>	2,228

1 Comparative information includes re-presentations for consistency with the current period.

2 Normalised earnings per share is based on weighted average number of Co-operative shares.

3 Trade terms for sales and purchases between the Group and the Consumer and associated business will change following the divestment. The pricing elements relating to trade terms which are not expected to continue following the divestment have been normalised for continuing operations, with an offsetting impact in discontinued operations.

## Non-GAAP measures CONTINUED

The Group uses adjusted net debt, a non-GAAP debt measure in monitoring its net debt position and in calculating the Group's debt to EBITDA ratio, gearing ratio, and return on capital.

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.

The Group believes that adjusted net debt provides useful information as it is aligned with how certain rating agencies calculate the Group's debt to EBITDA and gearing ratios.

	GROUP \$ MILLION		
	SIX MONTHS ENDED		YEAR ENDED
	31 JAN 2026 UNAUDITED	31 JAN 2025 <sup>1</sup> UNAUDITED	31 JUL 2025 <sup>1</sup> AUDITED
<b>Total borrowings</b>	<b>5,259</b>	5,807	3,138
Add: Bank overdraft	<b>65</b>	149	30
Less: Cash and cash equivalents	<b>(117)</b>	(218)	(309)
Add: Borrowings attributable to disposal groups held for sale	<b>101</b>	–	104
Less: Cash and cash equivalents attributable to disposal groups held for sale	<b>(183)</b>	–	(94)
Add: Cash adjustments of 25% for cash held by subsidiaries (including cash and cash equivalents attributable to disposal groups held for sale)	<b>75</b>	54	49
Less: Derivatives used to manage changes in hedged risk on debt instruments	<b>(273)</b>	(342)	(298)
<b>Adjusted net debt</b>	<b>4,927</b>	5,450	2,620
Equity excluding hedge reserves	<b>8,560</b>	8,373	8,333
<b>Total capital</b>	<b>13,487</b>	13,823	10,953
Adjusted net debt gearing ratio	<b>36.5%</b>	39.4%	23.9%

<sup>1</sup> Comparative information includes re-presentations for consistency with the current period.

# Glossary

TERMS	DEFINITION
<b>Adjusted net debt</b>	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.
<b>Attributable to equity holders of the Co-operative</b>	is used to indicate that a measure or sub-total excludes amounts attributable to non-controlling interests.
<b>Average capital employed</b>	is a 13-month rolling average of capital employed.
<b>Bulk Liquids</b>	means bulk raw milk that has not been processed and bulk separated cream.
<b>Capital employed</b>	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.
<b>Capital Expenditure</b>	comprises purchases of property (less specific disposals where there is an obligation to repurchase), plant and equipment and intangible assets (excluding purchases of emissions units), net purchases of livestock, and includes amounts relating to disposal groups held for sale.
<b>Capital Invested</b>	is capital expenditure plus right of use asset (e.g. leases) additions and business acquisitions, including equity contributions, long-term advances, and other investments.

TERMS	DEFINITION
<b>Cash operating expenses per kgMS</b>	is operating expenses (excluding sold businesses), less non-cash costs (depreciation, amortisation and impairments). Shown by kilogram of New Zealand and Australia milk solids collected.
<b>Cash operating expenses per kgMS (Continuing Operations)</b>	is continuing operations operating expenses, less non-cash costs (depreciation, amortisation and impairments). Shown by kilogram of New Zealand milk solids collected.
<b>Ceased Shareholder</b>	is a Shareholder that has given notice of ceasing supply, or is treated as having given such a notice, and whose cease notice has become effective.
<b>Consumer</b>	is the channel of branded consumer products, such as powders, yoghurts, milk, butter and cheese.
<b>Continuing operations</b>	means operations of the Group that are not discontinued operations.
<b>Core Operations</b>	represents core operating functions including New Zealand milk collection and processing operations and assets, supply chain, Fonterra Farm Source™ retail stores, and the Central Portfolio Management function which manages the physical and financial commodity portfolios.
<b>Core Operations manufacturing cash costs per kgMS</b>	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.

## Glossary CONTINUED

TERMS	DEFINITION
<b>Debt to EBITDA</b>	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.
<b>DIRA</b>	means the Dairy Industry Restructuring Act 2001, which authorised Fonterra's formation and regulates its activities, subsequent amendments to the Act, and the Dairy Industry Restructuring (Raw Milk) Regulations 2012.
<b>Discontinued operations</b>	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 co-ordinated 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.
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	is profit before net finance costs, tax, depreciation and amortisation.
<b>Earnings per share (EPS)</b>	is profit after tax attributable to equity holders of the Co-operative divided by the weighted average number of shares on issue for the period.
<b>Eliminations</b>	represents eliminations of inter-business unit sales.

TERMS	DEFINITION
<b>Farmgate Milk Price</b>	means the average price paid by Fonterra in New Zealand for each kgMS supplied by Fonterra's farmer shareholders under Fonterra's standard terms of supply. The Farmgate Milk Price is set by the Board, based on the recommendation of the Milk Price Panel. In making that recommendation, the Panel provides assurance to the Board that the Farmgate Milk Price has been calculated in accordance with the Farmgate Milk Price Manual.
<b>Fonterra's average NZD/USD conversion rate</b>	is the rate that Fonterra has converted net United States Dollar receipts into New Zealand Dollars including hedge cover in place.
<b>Foodservice</b>	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.
<b>Free cash flow</b>	is the total of net cash flows from operating activities and net cash flows from investing activities.
<b>Gearing ratio (%) (adjusted net debt)</b>	is adjusted net debt divided by total capital. Total capital is equity excluding hedge reserves, plus adjusted net debt.
<b>Global Dairy Trade (GDT)</b>	means the electronic auction platform that is used to sell commodity dairy products.

## Glossary CONTINUED

TERMS	DEFINITION
<b>Gross Margin</b>	is gross profit divided by revenue from sale of goods.
<b>Growth Capital Expenditure</b>	represents investments to improve earnings and/or the milk price (either by revenue expansion or cost reduction) or implement new capabilities that support delivery of strategic priorities. This includes organic growth of existing business operations, and inorganic growth through mergers and acquisitions.
<b>Ingredients</b>	represents the channel comprising bulk and specialty dairy products such as milk powders, dairy fats, cheese and proteins manufactured either by Fonterra or sourced through our global network, and sold to food producers and distributors.
<b>kgMS</b>	means kilograms of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.
<b>Mainland Group</b>	Mainland Group Holdings Limited is the parent entity of the Consumer and associated businesses at the divestment date.
<b>Net debt</b>	means adjusted net debt.
<b>Non-Reference Products</b>	means all NZ milk solids processed by Core Operations, except for Reference Commodity Products.
<b>Normalisation adjustments</b>	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'.

TERMS	DEFINITION
<b>Operating profit (EBIT)</b>	is profit before net finance costs and tax.
<b>Operating profit (EBIT) margin</b>	is EBIT divided by revenue from sale of goods.
<b>Price Relativities</b>	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.
<b>Product Channel</b>	Fonterra has three channels: Ingredients, Foodservice & Core Operations.
<b>Reference Commodity Products (also referred to as Reference Products)</b>	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).
<b>Reported</b>	is used to indicate a sub-total or total is reported in the Group's Financial Statements before normalisation adjustments. E.g. 'Reported profit after tax'.
<b>Retentions</b>	means earnings per share, less dividend per share. Retentions are reported as nil where Fonterra has reported a net loss after tax.
<b>Return on Capital (ROC)</b>	is calculated as Total Group normalised EBIT including finance income on long-term advances less a notional tax charge, divided by average capital employed.

## Glossary CONTINUED

TERMS	DEFINITION
<b>Season</b>	New Zealand: A period of 12 months from 1 June to 31 May. Australia: A period of 12 months from 1 July to 30 June.
<b>Supplying Shareholder</b>	is a shareholder supplying milk to the Co-op.
<b>Sustaining capital expenditure</b>	represents investments to maintain the capability of our existing assets from risk management, legislation/regulation commitments, business continuity and capital replacement, as well as projects that drive the Co-operative's sustainability targets.
<b>Total Group</b>	is used to indicate that a measure or sub-total comprises continuing operations, discontinued operations and non-controlling interests. E.g. 'Total Group EBIT'.
<b>Total Payout</b>	means the total cash payment per milk solid that is backed by a share, being the sum of the Farmgate Milk Price per kgMS and the dividend per share.
<b>Trade working capital</b>	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.

TERMS	DEFINITION
<b>WACC</b>	means weighted average cost of capital.
<b>Weighted average share price</b>	represents the average price Fonterra Co-operative Group Limited shares traded at, weighted against the trading volume at each price over the reporting period.
<b>Working capital days</b>	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.

# Directory

## Fonterra Board of Directors

Peter McBride  
Alistair Field  
Brent Goldsack  
Bruce Hassall  
Holly Kramer  
John Nicholls  
Michelle Pye  
Cathy Quinn  
Alison Watters

## Fonterra Management Team

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Caption

**Interim Report 2026**  
Pūrongo Taupua

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