

Fonterra Shareholders' Fund Interim Report 2026

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

FONTERRA
SHAREHOLDERS'
FUND.

Contents

Chair Report	3
Interim Financial Statements	
Manager's Statement	5
Statement of Comprehensive Income	6
Statement of Changes in Amounts Attributable to Unit Holders	6
Statement of Financial Position	7
Cash Flow Statement	7
Basis of Preparation	8
Notes to the Interim Financial Statements	10
Independent Auditor's Review Report	12
Directory	14



Penelope, Blair, Joe & Billie, Manawatū-Whanganui

Chair Report

Dear unit holders,

Fonterra's profit after tax for the first six months of the 2026 financial year increased \$21 million, or 3%, to \$750 million compared to the prior period and equates to 45 cents per share attributable to equity holders.

The ongoing strength of Fonterra's performance has enabled the Co-operative to declare a fully imputed interim dividend of 24 cents per share, up from 22 cents the prior year.

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.

As a result, unit holders will receive an interim distribution of 40 cents.

The record date for the interim distribution is 30 March 2026 and the payment date is 14 April 2026. The payment date for the tax-free \$2.00 capital return, from the divestment of Mainland, is also 14 April, with a record date of 9 April 2026, based on the transaction completing at the end of March.

The combination of the fully imputed 40 cent dividend and the tax-free \$2.00 capital return will mean the Co-operative distributes \$3.9 billion in cash on 14 April 2026 to its shareholders and unit holders.

The suspension of the distribution reinvestment plan remains in place.

Fonterra's business performance

Operating profit increased from \$1.1 billion to \$1.2 billion, reflecting an improved performance through stronger in market pricing and favourable product mix, particularly in Foodservice, which benefited from continued demand across key Southeast Asia and Greater China markets. Ingredients performance reflected improved market pricing and product mix, although higher milk input costs compressed margins relative to the prior year.

Fonterra's profit after tax of \$750 million includes \$90 million of cost related to the divestment and separation of Mainland Group, including \$54 million of tax impacts. These costs have been considered as part of the capital return. Excluding them, the Co-operative's normalised earnings per share is 51 cents, up 4 cents on prior year.

Net debt has reduced from \$5.5 billion to \$4.9 billion, and leverage metrics were down on prior year supporting increased dividends.

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



Outlook for the remainder of FY26

Fonterra lifted the bottom end of its forecast full year earnings range to 50-65 cents per share from 45-65 cents. Miles Hurrell said this increase reflects the underlying strength of Fonterra's core business. Though he did note there is a level of uncertainty related to the Middle East conflict, including risks around input cost inflation and shipping disruption.

For further clarity and detail on Fonterra's performance, I encourage you to read the other interim results material released by Fonterra, that can be found on its Investor Relations webpage.

Lastly, on behalf of the FSF Board, I would like to acknowledge Fonterra CEO, Miles Hurrell, who recently announced his decision to resign and leave the Co-operative. He has overseen a significant strategic reset, focused on getting Fonterra back to its core strengths. In doing so he has helped lift Fonterra's financial discipline and built the strong foundations Fonterra has today.

Nga mihi,



Mary Jane Daly
Chair

The Fund, and the Board of FSF Management Company Limited that oversees it, have no direct involvement in Fonterra's operations. However, as a holder of economic rights in Fonterra, the performance of the Fund is tied directly to Fonterra's performance.

Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 JANUARY 2026



Manager's Statement

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

FSF Management Company Limited (the Manager) presents to the unit holders the interim financial statements for the Fonterra Shareholders' Fund (the Fund) for the six months ended 31 January 2026.

The Manager is responsible for presenting interim financial statements for the six months which fairly present the financial position of the Fund and its financial performance and cash flows for that period.

The Manager considers the interim financial statements of the Fund have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Manager believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Fund and facilitate compliance of the interim financial statements with the Financial Markets Conduct Act 2013 and the Fonterra Shareholders' Fund Trust Deed.

The Manager considers that it has taken adequate steps to safeguard the assets of the Fund, and to prevent and detect fraud and other irregularities.

The Manager approves and authorises for issue the interim financial statements for the six months ended 31 January 2026 presented on [pages 6 to 11](#).

For and on behalf of the Board of the Manager:

Mary Jane Daly
Chair
FSF Management Company Limited
22 March 2026

Alastair Hercus
Director
FSF Management Company Limited
22 March 2026

Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

	SIX MONTHS ENDED		YEAR ENDED
	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED
Net fair value gain on revaluation of Economic Rights of Fonterra shares	129	111	327
Dividend income	38	43	67
Investment income	167	154	394
Net increase in fair value of amounts attributable to unit holders	(129)	(111)	(327)
Distributions to unit holders	(38)	(43)	(67)
Finance cost	(167)	(154)	(394)
Profit before tax	-	-	-
Tax expense	-	-	-
Profit for the period	-	-	-

There are no items of other comprehensive income.

Statement of Changes in Amounts Attributable to Unit Holders

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

Amounts attributable to unit holders at 1 August 2025	751
Movements:	
Revaluation of amounts attributable to unit holders	129
Amounts attributable to unit holders at 31 January 2026 (unaudited)	880
Amounts attributable to unit holders at 1 August 2024	424
Movements:	
Revaluation of amounts attributable to unit holders	111
Amounts attributable to unit holders at 31 January 2025 (unaudited)	535
Amounts attributable to unit holders at 1 August 2024	424
Movements:	
Revaluation of amounts attributable to unit holders	327
Amounts attributable to unit holders at 31 July 2025 (audited)	751

Statement of Financial Position

AS AT 31 JANUARY 2026

(\$ MILLION)

	NOTES	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED
Assets				
Economic Rights of Fonterra shares	2	880	535	751
Total assets		880	535	751
Liabilities				
Amounts attributable to unit holders	3	880	535	751
Total liabilities		880	535	751

Cash Flow Statement

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

(\$ MILLION)

	SIX MONTHS ENDED		YEAR ENDED
	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED
Cash flows from operating activities			
Cash was provided from:			
– Dividends received	38	43	67
Net cash flows from operating activities	38	43	67
Cash flows from financing activities			
Cash was applied to:			
– Distributions paid to unit holders	(38)	(43)	(67)
Net cash flows from financing activities	(38)	(43)	(67)
Net change in cash and cash equivalents	–	–	–
Cash and cash equivalents at the beginning of the period	–	–	–
Cash and cash equivalents at the end of the period	–	–	–

The accompanying basis of preparation and notes form part of these interim financial statements.

Basis of Preparation

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

a) General information

The Fonterra Shareholders' Fund (FSF or the Fund) is a New Zealand managed investment scheme established to be the 'Authorised Fund' referred to in Fonterra's Constitution. It is an FMC Reporting Entity registered under the Financial Markets Conduct Act 2013 and its governing document is the Fonterra Shareholders' Fund Trust Deed (the Trust Deed) dated 23 October 2012 (as amended) and has a life of 80 years. Under the Trust Deed, the Fund may invest only in authorised investments, which are the Economic Rights of Fonterra shares (Economic Rights), and issue units to investors. It may not invest directly in Fonterra shares (Shares).

The Fund is listed on the NZX Main Board operated by NZX Limited. The activities of the Fund and the issue of units to the public are managed by FSF Management Company Limited (the Manager). The immediate and ultimate parent of the Fund is Fonterra Co-operative Group Limited (Fonterra, or the Co-operative).

The New Zealand Guardian Trust Company Limited (the Trustee) acts as the trustee for the Fund. The Economic Rights assets are held on trust for the Trustee under the Fonterra Economic Rights Trust by Fonterra Farmer Custodian Limited (the Custodian). The trustees of the Fonterra Farmer Custodian Trust also hold one unit known as the Fonterra unit.

The registered office of the Manager is 109 Fanshawe Street, Auckland Central, Auckland 1010, New Zealand.

These interim financial statements were authorised for issue by the Manager on 22 March 2026.

Fonterra interim financial statements

Investors are encouraged to read the interim financial statements of Fonterra, together with the interim financial statements of the Fund, given that the performance of the Fund is driven by the performance of Fonterra. The Fonterra interim financial statements can be found in the 'Investors/Results & Reporting' section of Fonterra's website.

Fonterra's capital structure

Under Fonterra's Flexible Shareholding capital structure, the ability for the Fund to acquire Economic Rights and issue units to investors (i.e. to exchange shares for units) on a day-to-day basis is suspended. The Fonterra Board retains the right to regulate this process, and if, in the future, the Fonterra Board considered it was appropriate to increase the Fund size, it could do so up to the overall Fund size limit of 10% of the total number of Fonterra shares on issue as specified in Fonterra's Constitution. As at 31 January 2026, the Fund size is 6.7% (31 January 2025: 6.7%, 31 July 2025: 6.7%).

Information about Flexible Shareholding is available in the 'Investors/Capital Structure' section of Fonterra's website.

Activities

The principal activity of the Fund is to acquire and hold Economic Rights and issue units to investors to allow investors in the Fund an opportunity to earn returns based on the financial performance of Fonterra. As reflected in the previous section, the ability to exchange shares for units is suspended under Flexible Shareholding.

Basis of Preparation CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

b) Basis of preparation

These unaudited interim financial statements comply with International Accounting Standard 34 *Interim Financial Reporting* and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*. They have also been prepared in accordance with Generally Accepted Accounting Practice (GAAP) applicable to for-profit entities. These interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 July 2025.

These interim financial statements are presented in New Zealand dollars (\$), which is the Fund's functional and presentation currency, and rounded to the nearest million, except where otherwise stated.

c) Material accounting policies

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the financial statements for the year ended 31 July 2025.

d) Operating segments

The Fund's investments only include Economic Rights assets and the Fund's performance is evaluated on an overall basis. Therefore, the Fund is a single-segment entity. All of the Fund's income is from investments in the Economic Rights.

The internal reporting provided to the Board of the Manager, which is the Fund's chief operating decision maker, for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of NZ IFRS Accounting Standards. The Board of the Manager reviews the Fund's internal reporting in order to assess the performance and position of the Fund.

Notes to the Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

1 Fair value measurement

The Fund measures the Economic Rights and amounts attributable to unit holders at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund uses the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. The Fund has no Level 3 instruments.

The Fund's amounts attributable to unit holders is a Level 1 instrument as the unit price is quoted on the NZX Main Board, which is considered to be an active market. The Manager considers market prices to be the most representative measure of fair value as they are used by market participants as a practical expedient for fair value measurement.

Where there is a bid and ask price, the Fund uses the price within that range that is most representative of fair value. Where the last traded price is within that range, the Fund uses the last traded price as fair value. Where the last traded price falls outside that range the Fund uses the mid-point between the bid and ask prices.

The market is monitored on an on-going basis to confirm that it remains active for the purposes of establishing fair value.

Economic Rights are Level 2 instruments as Economic Rights are not listed and there is no active market for Economic Rights assets. Economic Rights are valued using the quoted price of units (which are considered to be a materially comparable instrument) in the Fund listed on the NZX Main Board.

There have been no transfers between the categories in the fair value hierarchy during any of the periods presented.

2 Economic Rights of Fonterra shares

The Economic Rights are held on trust for the Fund by the Custodian under the Fonterra Economic Rights Trust.

	AS AT 31 JAN 2026 UNAUDITED	AS AT 31 JAN 2025 UNAUDITED	AS AT 31 JUL 2025 AUDITED
Value of Economic Rights (\$ million)	880	535	751
Number of Economic Rights	107,410,984	107,410,984	107,410,984

The Economic Rights are measured at fair value, calculated as the number of Economic Rights held multiplied by the established fair value for each Economic Right.

	\$ MILLION		
	SIX MONTHS ENDED		YEAR ENDED
	31 JAN 2026 UNAUDITED	31 JAN 2025 UNAUDITED	31 JUL 2025 AUDITED
Opening value of Economic Rights	751	424	424
Revaluation of Economic Rights	129	111	327
Closing value of Economic Rights	880	535	751

Notes to the Interim Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026

3 Amounts attributable to unit holders

At 31 January 2026, there were 107,410,984 units on issue (31 January 2025: 107,410,984 units; 31 July 2025: 107,410,984 units), including one Fonterra unit held by the Custodian, which was issued at inception of the fund.

The amounts attributable to unit holders is measured at fair value, calculated as the number of units on issue multiplied by the market price per unit at the reporting date. At 31 January 2026, the market price per unit was \$8.19 (31 January 2025: \$4.98; 31 July 2025: \$6.99). The fair value after reflecting market price movements during the period ended 31 January 2026 is \$880 million attributable to unit holders (31 January 2025: \$535 million; 31 July 2025: \$751 million).

4 Net assets per security

As at 31 January 2026, the net assets per unit on issue was \$8.19 (31 January 2025: \$4.98; 31 July 2025: \$6.99).

5 Commitments and contingent liabilities

The Fund has no material commitments or contingent liabilities as at 31 January 2026 (31 January 2025: nil; 31 July 2025: nil).

6 Subsequent events

Fonterra divestment and capital return

In August 2025, Fonterra announced it had agreed to sell its Consumer and associated businesses to B.S.A SAS (Lactalis) for \$4.22 billion. 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, on 19 February 2026, Fonterra shareholders approved a capital return of approximately \$3.2 billion (approximately \$2 per share) to shareholders and unit holders, and is expected to be paid in April 2026. As part of the capital return, \$215 million is expected to be paid to the Custodian for direct distribution to unit holders on the same date, which represents the unit holders' portion of this capital return.

Declaration of distribution

On 22 March 2026, the Board of Directors of Fonterra 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. Following Fonterra's dividend declaration, the Board of the Manager declared an interim distribution of 40 cents per unit. The distribution will be paid on 14 April 2026 to the unit holders on the register at 30 March 2026.

The Distribution Reinvestment Plan does not apply to this distribution.

Changes in unit price

Units are traded on the NZX and accordingly the unit price changes regularly, including during the period between balance date and the date these interim financial statements were authorised for issue. Changes in the market price of the units result in a corresponding change in the value of the Economic Rights asset held by the Fund. Daily unit prices are available on the NZX website.

Independent Auditor's Review Report CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026



To the unit holders of Fonterra Shareholders' Fund

Report on the interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 6 to 11 do not:

- present fairly, in all material respects, the Fund'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) issued by the International Accounting Standards Board.

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

- the interim statement of financial position as at 31 January 2026;
- the interim statements of comprehensive income, changes in amounts attributable to unit holders and cash flows for the six month period then ended; and
- notes, including material accounting policy information.

Basis for conclusion

We conducted our review of the interim 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 financial statements* section of our report.

We are independent of Fonterra Shareholders' Fund 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.

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

Use of this Independent Auditor's Review Report

This report is made solely to the unit holders. Our review work has been undertaken so that we might state to the unit holders 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 unit holders for our review work, this report, or any of the conclusions we have formed.

Responsibilities of the Manager for the interim financial statements

The Manager on behalf of the Fund are responsible for:

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

Independent Auditor's Review Report CONTINUED

FOR THE SIX MONTHS ENDED 31 JANUARY 2026



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

Our responsibility is to express a conclusion on the interim 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 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 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 financial statements.

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

For and on behalf of:

A handwritten signature of the KPMG firm, written in a dark blue ink.

KPMG

Auckland

22 March 2026

Directory

Registered Office of the Manager of the Fund

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Telephone: +64 9 374 9000

Directors of the Manager of the Fund

Mary Jane Daly
Alastair Hercus
Carlie Eve
Andrew Macfarlane (ceased 15 December 2025)
John Nicholls
Michelle Pye (appointed 15 December 2025)

Company Secretary

Jackie Floyd

Supervisor

The New Zealand Guardian Trust Company Limited
Level 6, 191 Queen Street
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New Zealand

Auditor of the Fund and the Manager of the Fund

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18 Viaduct Harbour Avenue
Auckland 1010
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Legal Advisers to the Manager of the Fund

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Interim Report 2026

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