

CONFIRMATION OF THE BASE MILK PRICE AND FARM GATE MILK PRICE FOR THE 2025/2026 SEASON

Clause 150CA(2) Dairy Industry Restructuring Act 2001 (“**DIRA**”)

Fonterra confirms the following prices for the season from 1 June 2025 to 31 May 2026 (the **2025/2026 Season**):

<i>Base milk price</i>	The base milk price for the 2025/2026 Season is \$9.69/kgMS.
<i>Farm gate milk price</i>	The farm gate milk price for the 2025/2026 Season is \$9.71/kgMS.

The difference between the “base milk price” and the “farm gate milk price” results from the way in which those terms are defined in DIRA, and the impact of Fonterra’s price risk management contracts and Co-operative Difference programme.

TERMINOLOGY

Base milk price	Under DIRA, the “base milk price” is, in relation to a season, the price per kilogram of milk solids that is set by Fonterra for that season.
Farm gate milk price	Under DIRA, the “farm gate milk price” means the “total cost of milk” divided by kilograms of milk solids that Fonterra pays out to shareholder farmers in a season. Under DIRA, the “total cost of milk” is: (a) the total of the payments made by Fonterra to shareholding farmers for raw milk supplied to Fonterra in the season minus (b) the sum of: (i) the total organic milk premium for the season; and (ii) the total winter milk premium for the season.

Under DIRA, “raw milk” is untreated milk from a cow (including untreated organic milk), but **excluding**

- milk or a component of milk from a cow if the milk or component is produced under special conditions by, for example, the use of specialised herd selection,

specialised farming practice, specialised feeding practice, or new technology; or

- colostrum.

Farmgate Milk Price

The Farmgate Milk Price is the average price paid by Fonterra for each kilogram of milk solids supplied by Fonterra's farmer shareholders under Fonterra's standard terms of supply in the season. This is the definition for Farmgate Milk Price contained in Fonterra's Milk Price Manual ("Manual"). Fonterra considers that this definition of the Farmgate Milk Price is consistent with the definition of the "base milk price" under DIRA.

The Farmgate Milk Price is calculated in accordance with the Manual. There may be circumstances where the Fonterra Board (using its discretion under clause 10 of the Fonterra Constitution) sets a Farmgate Milk Price that differs from the Farmgate Milk Price calculated under the Manual. In the limited times this has occurred, the Farmgate Milk Price approved by the Board was referred to as the "Final Farmgate Milk Price" or the "Announced Farmgate Milk Price". Under DIRA, Fonterra is required to make certain disclosures if the Fonterra Board sets a Farmgate Milk Price that differs from the Farmgate Milk Price recommended by the Milk Price Panel (which will be the Farmgate Milk Price calculated in accordance with the Manual) including the reason(s) why it has done this.

ADDITIONAL INFORMATION

Fonterra does not pay a uniform price for each kilogram of milk solids supplied to it in a season. Among other things, the average net price per kilogram received by suppliers will vary with an individual farm's relative protein, lactose and milkfat content, with supply profile across the season, with water content, milk quality deductions, and achievements within Fonterra's Co-operative Difference programme.