



JUNE 2023

Global Dairy UPDATE



• New Zealand, Australia, EU and US monthly production increases. New Zealand and Australia down on a 12 month basis.

• Fonterra launches new nutrition science venture arm; announces first investment.



• New Zealand monthly exports up. Australia, EU and US exports decline.



• Latin America, China and Middle East & Africa monthly imports increase. Asia imports flat.

• Meals made with love for Te Aroha.



• Fonterra New Zealand milk collections for the season ended 31 May were 1,480.9 million kgMS, up 0.2% on the prior season.

• Fonterra Australia milk collections for May were 8.5 million kgMS, 6.3% up on May in the prior season. Season-to-date collections are 0.3% up on last season.

Key Dates



12 July 2023
Special Meeting of Shareholders

31 July 2023
End of FY23 Financial Year

August 2023
Proposed Capital Return Payment to Shareholders

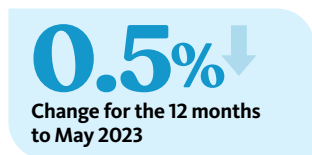
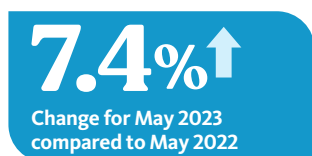
September 2023
FY23 Annual Results Announcement



New Zealand, Australia, EU and US monthly production increases. New Zealand and Australia down on a 12 month basis

To view a chart that illustrates year-on-year changes in production –

NEW ZEALAND



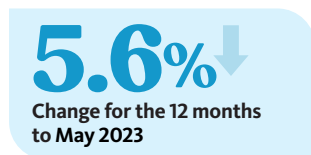
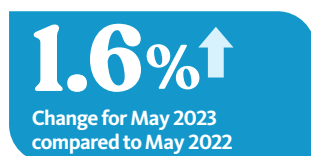
New Zealand¹ milk production was up 7.4% on a litres basis, (up 8.4% on milk solids basis) in May compared to the same period the year prior.

Milk production was the largest on record for the month of May. This was driven by favourable weather conditions with good pasture cover.

New Zealand milk production for the 12 months to May was down 0.5% on a litres basis (up 0.2% on a milk solids basis) on the previous comparable period.

Fonterra New Zealand collections are reported for May, see page 5 for details.

AUSTRALIA



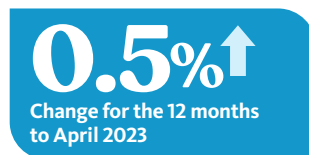
Australia milk production increased 1.6% in May compared to the same period the year prior.

The production increase was driven by mild conditions coupled with rainfall.

Australia milk production for the 12 months to May was 5.6% lower compared to the previous comparable period.

Fonterra collections in Australia are reported for May, see page 5 for details.

EUROPEAN UNION



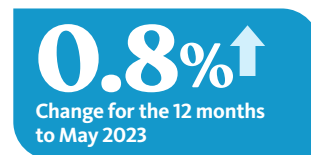
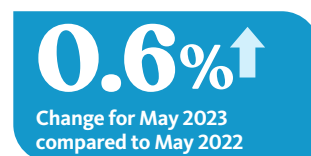
EU milk production² increased 0.3% in April compared to April the year prior.

The production increase was driven primarily by Germany, the Netherlands and Poland, and partially offset by declines in Italy, France, and Ireland.

EU milk production for the 12 months to April was up 0.5% on the previous comparable period.

Increases in Germany, the Netherlands, Poland and Belgium were partially offset by declines in France, Italy and Spain.

USA



US milk production increased by 0.6% in May compared to the same period the year prior.

The production increase was driven by improved productivity per cow due to favourable weather conditions and lower feed prices.

Milk production for the 12 months to May increased 0.8% on the previous comparable period.

¹ New Zealand production is measured in litres.

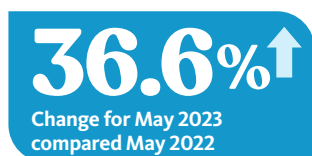
² Excludes UK.



New Zealand monthly exports up. Australia, EU and US exports decline

To view a chart that illustrates year-on-year changes in exports –

NEW ZEALAND

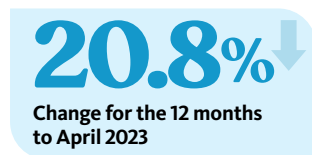
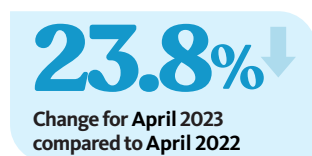


Total New Zealand dairy exports increased 36.6% or 92,630 MT, in May compared to the same period the year prior.

The increase was due to higher export volumes of WMP, cheese and SMP. May was the largest month on record for export volumes of WMP, driven by increased volume to Algeria and China.

Exports for the 12 months to May were up 2.3%, or 78,618 MT, on the previous comparable period. This was driven by increases in SMP, butter, AMF and cheese partially offset by decreases in WMP.

AUSTRALIA



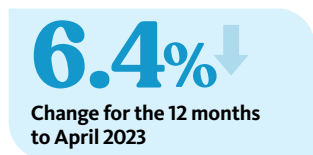
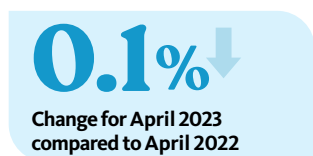
Australia dairy exports decreased 23.8%, or 14,971 MT, in April compared to the same period the year prior.

The decline in exports was driven by lower volumes of fluid milk products to China, as well as a decrease in exports of SMP and cheese.

Exports for the 12 months to April were down 20.8%, or 192,017 MT, on the previous comparable period.

This was predominantly driven by decreases in fluid milk products, WMP, SMP, and cheese, mainly due to lower milk production.

EUROPEAN UNION

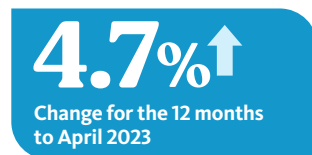
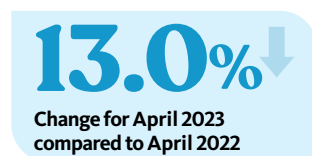


EU dairy exports in April decreased 0.1%, or 139 MT, in April compared to the same period the year prior.

The decline in exports was driven by lower volumes of infant formula to China. This was partially offset by an increase in export volumes of SMP to Algeria and fluid milk products to the Philippines.

Exports for the 12 months to April were down 6.4%, or 442,581 MT, on the previous comparable period, driven by declines in fluid milk products, cheese and WMP, and partially offset by increases in infant formula, SMP and cultured products.

USA



US dairy exports decreased 13.0%, or 33,160 MT, in April compared to the same period the year prior.

The decrease was driven by lower export volumes of SMP to Philippines, whey to Canada and China, and cheese to Japan and South Korea.

Exports for the 12 months to April were up 4.7%, or 130,215 MT, on the previous comparable period, driven by lactose, cheese, whey and WPC. This was partially offset by declines in SMP.



Latin America, China and Middle East & Africa monthly imports increase. Asia imports flat

To view a chart that illustrates year-on-year changes in imports –

LATIN AMERICA

9.8%↑

Change for April 2023 compared to April 2022

12.7%↑

Change for the 12 months to April 2023

Latin America dairy import volumes¹ increased 9.8%, or 17,674 MT, in April compared to the same period the year prior.

The increase was driven by higher imported volumes of WMP by Brazil, and SMP and cheese by Mexico.

Imports for the 12 months to April were up 12.7%, or 263,705 MT, on the previous comparable period, driven by higher volumes of WMP, SMP, cheese and AMF.

ASIA

0.0%

Change for April 2023 compared to April 2022

3.9%↓

Change for the 12 months to April 2023

Asia (excluding China) dairy import volumes¹ in April were in line with the same period the year prior.

Import volumes of AMF by Vietnam increased. This was offset by a decrease in import volumes of SMP by the Philippines, WMP by Bangladesh and cheese by South Korea.

Imports for the 12 months to April were down 3.9%, or 201,474 MT, on the previous comparable period, driven by lower import volumes of SMP, fluid milk products, cheese and WMP.

MIDDLE EAST & AFRICA

1.1%↑

Change for April 2023 compared to April 2022

0.1%↓

Change for the 12 months to April 2023

Middle East and Africa dairy import volumes¹ increased 1.1%, or 4,982 MT, in April compared to the same period the year prior.

The increase was driven by higher import volumes of SMP by Algeria and infant formula by Lebanon. This was partially offset by a decrease in import volumes of cheese by Iraq and fluid milk products by Libya.

Imports for the 12 months to April were down 0.1%, or 6,809 MT, on the previous comparable period. This was driven by a decline in fluid milk products and cultured products, and partially offset by an increase in SMP.

CHINA

0.9%↑

Change for May 2023 compared to May 2022

15.5%↓

Change for the 12 months to May 2023

China dairy import volumes increased by 0.9%, or 2,527 MT, in May compared to the same period the year prior.

The increase was driven by higher import volumes of whey from the US and Belarus, lactose from the US and SMP from New Zealand. This was partially offset by a decline in demand for fluid milk products due to higher domestic production.

Imports for the 12 months to May were down 15.5%, or 586,174 MT, on the previous comparable period driven by a decline in WMP, fluid milk products, cheese and SMP.

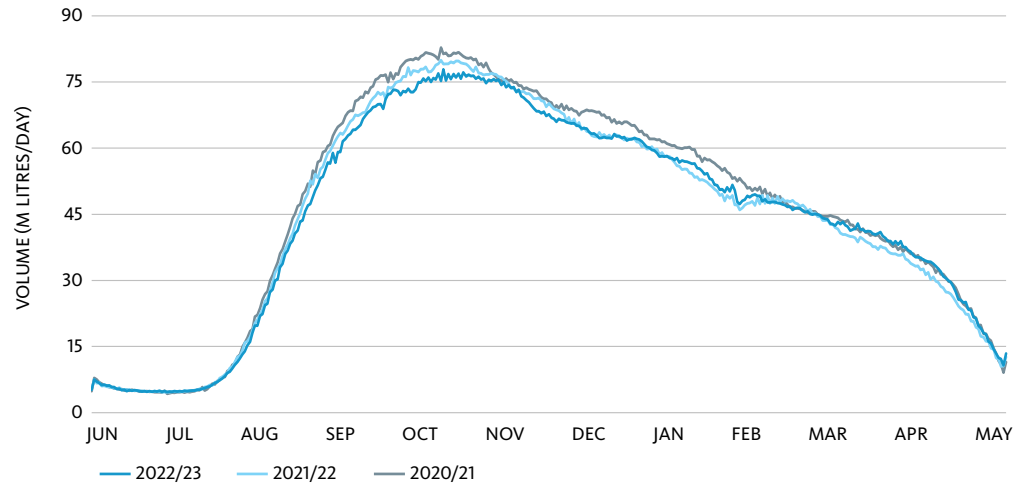
¹ Estimates are included for those countries that have not reported data.

Fonterra Milk Collections



To view a table that shows detailed milk collections in New Zealand and Australia compared to the previous season –

New Zealand Milk Collections



NEW ZEALAND

9.7%↑

Change for May 2023 compared to May 2022

0.2%↑

For the 2022/23 Season compared to the previous season

Fonterra's New Zealand collections for May were 76.2 million kgMS, 9.7% higher than last May.

The 2022/23 season milk collections were finalised at 1,480.9 million kgMS, 0.2% ahead last season.

Favourable weather conditions supported strong milk supply at the end of the season. Most farms are now drying off herds to prepare for the new season and manage pasture cover.

NORTH ISLAND

12.7%↑

Change for May 2023 compared to May 2022

0.4%↓

For the 2022/23 Season compared to the previous season

North Island milk collections in May were 37.2 million kgMS, 12.7% ahead of May last season.

The 2022/23 season collections were 862.4 million kgMS, 0.4% behind last season.

Soil moisture in the North Island is still in surplus and warmer weather has enabled pasture cover to improve in preparation for calving in July. Most farms have now dried off for the new season.

SOUTH ISLAND

7.0%↑

Change for May 2023 compared to May 2022

1.1%↑

For the 2022/23 Season compared to the previous season

South Island milk collections in May were 39.0 million kgMS, 7.0% ahead of last May.

The 2022/23 season collections were 618.5 million kgMS, 1.1% ahead of last season.

The temperature in the South Island has been warmer than normal with intermittent rain supporting strong pasture growth.

AUSTRALIA

6.3%↑

Change for May 2023 compared to May 2022

0.3%↑

Season-to-date 1 July to 31 May

Fonterra's Australia collections for May were 8.5 million kgMS, a 6.3% increase from May last season.

Collections increased in May due to mild conditions coupled with rainfall supporting milk production, as well as recruiting and retaining more Australian dairy farmers across Victoria and Tasmania.

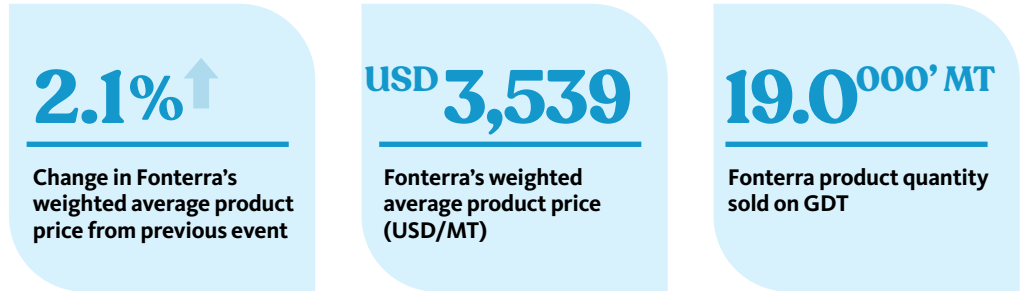
Season-to-date collections reached 99.3 million kgMS, 0.3% ahead last season.

OUR MARKETS

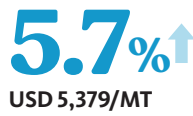
Fonterra Global Dairy Trade Results



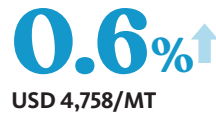
Fonterra GDT results at last trading event
20 June 2023:



BUTTER



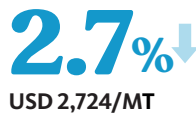
AMF



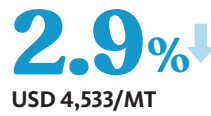
WMP



SMP

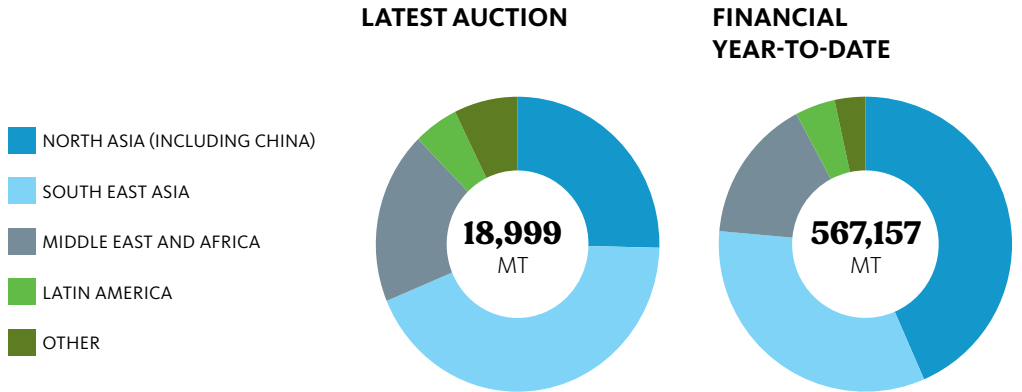


CHEDDAR



Fonterra GDT sales by destination:

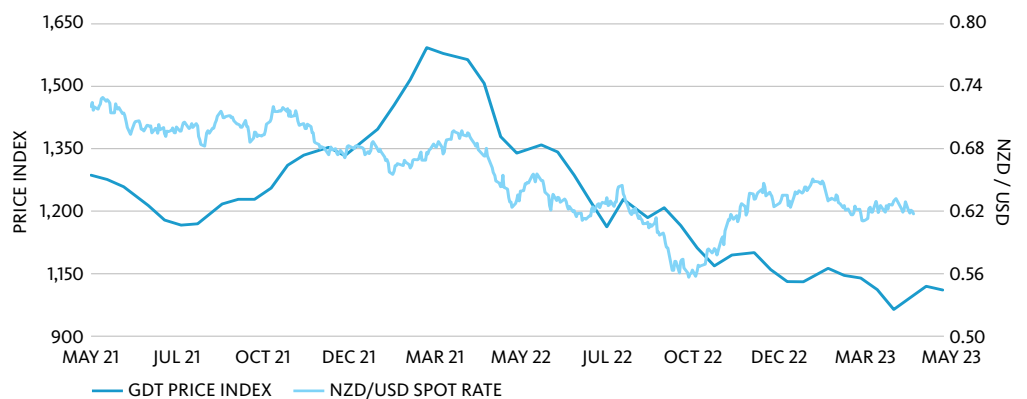
To view more information, including a snapshot of the rolling year-to-date results –



► The next trading event will be held on 4 July 2023. Visit www.globaldairytrade.info for more information.

Dairy commodity prices and New Zealand dollar trend

The RBNZ signalled an end to the current cycle of increasing interest rates which briefly pressured the NZD down to below 60 US cents. However, improving risk appetite across global financial markets provided the backdrop for a recovery to above 62 US cents.



Our Performance



Fonterra launches new nutrition science venture arm; announces first investment

Fonterra has announced a new corporate ventures arm to incubate, scale and invest in ventures in the area of nutrition science.

Chief Executive Miles Hurrell says Fonterra is committed to staying at the forefront of nutrition innovation and creating new value streams for the Co-op.

“When we released our long-term strategy in September 2021, we identified nutrition science solutions as an area with future growth potential.

“Nutrition science is a segment of the global health and wellness category that goes beyond everyday lifestyle and wellness products. Given our expertise in dairy science, we committed to exploring the potential for Fonterra to play more boldly in this space.

“We have developed a business case and agreed on a way forward, which includes establishing a corporate ventures arm with access to our dairy science and innovation expertise, combined with the agility of a startup.

“The business will incubate and scale a portfolio of disruptive ventures by developing solutions that combine science, nutrition and technology to make a real impact on human health,” says Mr Hurrell.

The business – provisionally named Nutrition Science Solutions (NSS) – will operate as a standalone business within Fonterra with its own board and CEO.

It will target opportunities for value creation by adapting the Co-op’s existing capabilities and assets, alongside new disruptive



capabilities, through partnerships and M&A.

“NSS will seek out, partner with and invest in global start-ups who will benefit from access to Fonterra’s dairy science expertise and understanding of the global market, while Fonterra will benefit from access to emerging technologies, advancements in science, and novel channels to market.

“This is a new way of working for Fonterra, but one in which we see a lot of potential,” says Mr Hurrell.

First investment

Fonterra has disclosed its first investment through the new ventures arm, US\$10 million for a minority shareholding in Pendulum, a biotech company pioneering the next frontier of metabolic health through its microbiome-targeted products.

The growth-stage San Francisco-based company specialises in targeting metabolic health through evidence-based microbiome solutions.

The partnership will see Pendulum and Fonterra establish a presence in global markets, co-develop and commercialise next generation microbiome products that are scientifically formulated

to make measurable improvements to people’s health.

“This strategic partnership will enable Fonterra and Pendulum to leverage each other’s strengths – Fonterra’s innovation, manufacturing expertise and established leadership in global markets, together with Pendulum’s deep innovation, microbiome expertise and growing leadership in the US market,” says Mr Hurrell.

Pendulum CEO and Co-founder Colleen Cutcliffe says Pendulum is founded and led by world-class scientists in microbiology, biochemistry, computational and clinical trials, who are creating clinically-backed, peer-reviewed products that merge the power and efficacy of a pharmaceutical with the safety and accessibility of a probiotic.

“Pendulum’s team of top-tier scientists are conducting cutting edge microbiome research and developing products that will have a meaningful and measurable impact on metabolic health for millions of people.

“This strategic partnership with Fonterra enables us to tap into their deep-rooted manufacturing expertise and established global leadership to bring a new wave of microbiome products to market,” says Dr Cutcliffe.



Meals made with love for Te Aroha

Te Aroha locals threw on their aprons on Wednesday, to cook up homemade meals for their community.

Volunteers from Te Aroha college, Fonterra and Ngāti Tumutumu Trust gathered at Tui Pā marae for a community cooking session. Their tasty creations, which included Mac & Cheese and Cottage Pie, were then frozen and will be distributed to the local community as needed.

The event was organised by our local Hapori team to support Kura Kai, a registered charity who raise funds to purchase chest freezers, which are then donated to the High Schools they support. Kura Kai then works alongside the school to build a local community of volunteers to cook nutritious family meals to help keep those freezers well stocked.

Rangatahi (youth) from Te Aroha college are also regularly involved in helping prepare freezer friendly meals, and identifying where this food is needed most, either within their school whānau (family) or the wider local community.

“This event has been a long time coming! After delays due to COVID, it was awesome to finally bring our volunteers together with a bunch of other incredible folks who share the same heart for their local community. We made some beautiful meals to share with families, and new connections were made so we can continue to plan more of these events in the future,” said Lorren Hawkins, a Fonterra Relationship Manager.

The Hapori team sponsored Te Aroha college to join the Kura Kai programme and have previously donated funding towards other cooking sessions.

As cooking sessions are often led by the Ngāti Tumutumu Trust to keep the community freezer filled, the team also donated a second meal storage freezer for Tui Pā marae.

Kura Kai Founder Makaia Carr says she is grateful for the support from the team at Fonterra.

“We’re so grateful for the vision that Fonterra has

– showing they are keen and ready to bring our community groups together, providing resources, and allowing us all to work as one towards our shared goals. Helping and empowering our rangatahi (youth). Ngā mihi (thank you) Fonterra, such an awesome day of mahi,” she said.

“One of our charities pou (pillars) is connecting the community through kai (food), and this week was a perfect example of this. It can be as simple as having a korero (chat) while preparing the meals and this is where connections and manaakitanga (kindness) is felt,” added Kura Kai GM Marie Peterson.

[To view more information on Fonterra in the Community –](#)

[To view more information on Kura Kai –](#)



Supplementary Information

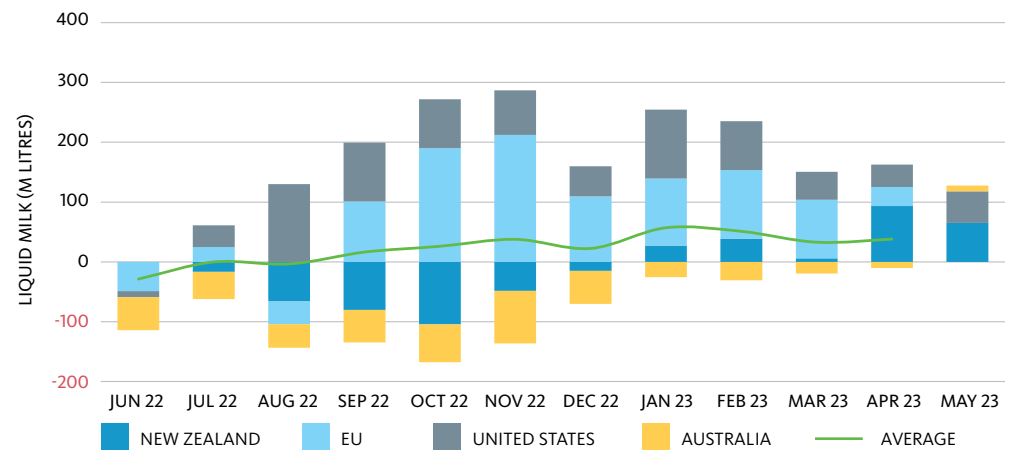
Global Dairy Market

The charts on the right illustrate the year-on-year changes in imports, exports and production for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in imports, exports or production, relative to the same period the previous year.

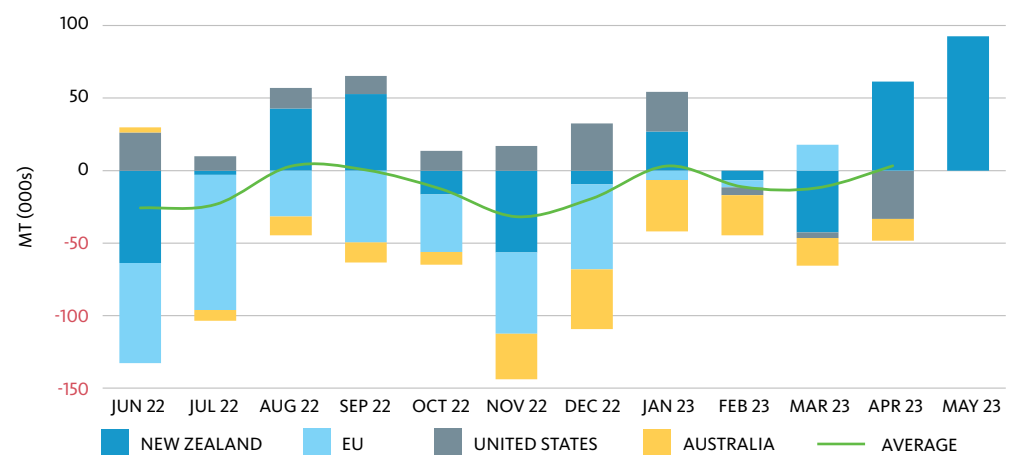
Averages are shown where data is complete for the regions presented.

PRODUCTION



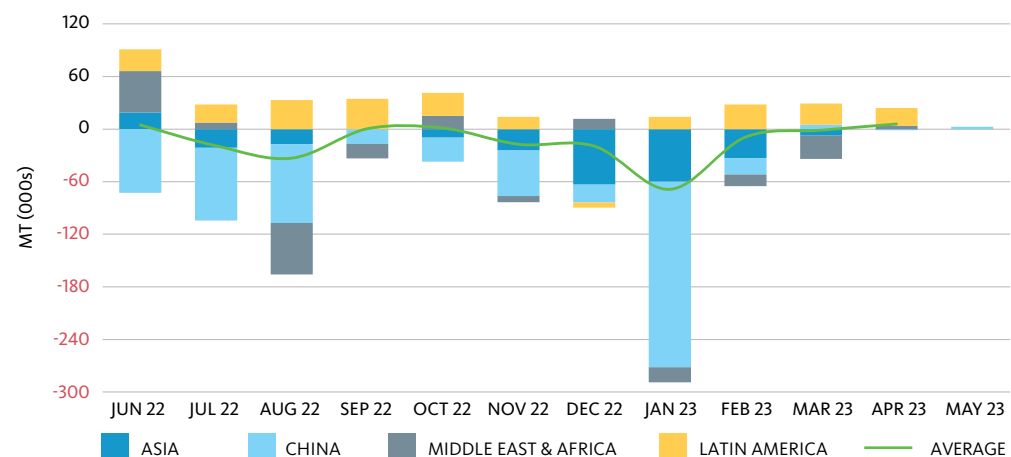
NOTE: Data for EU to April; New Zealand, US and Australia to May.

EXPORTS



NOTE: Data for EU, US and Australia to April; New Zealand to May.

IMPORTS



NOTE: Data for Asia, Middle East & Africa, Latin America to April; and China to May.

SOURCES: Government milk production statistics (DCANZ, Dairy Australia, Eurostat, USDA)/GTA trade data/Fonterra analysis.

Supplementary Information

Fonterra milk production

The table on the right shows Fonterra milk solids collected in New Zealand and Australia compared to the previous season.

MILK COLLECTION (MILLION KGMS)	MAY 2023	MAY 2022	MONTHLY CHANGE	SEASON-TO-DATE 2022/23	SEASON-TO-DATE 2021/22	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	76.2	69.5	9.7%	1,480.9	1,478.0	0.2%
North Island	37.2	33.0	12.7%	862.4	866.0	(0.4%)
South Island	39.0	36.4	7.0%	618.5	611.9	1.1%
Australia	8.5	8.0	6.3%	99.3	99.0	0.3%

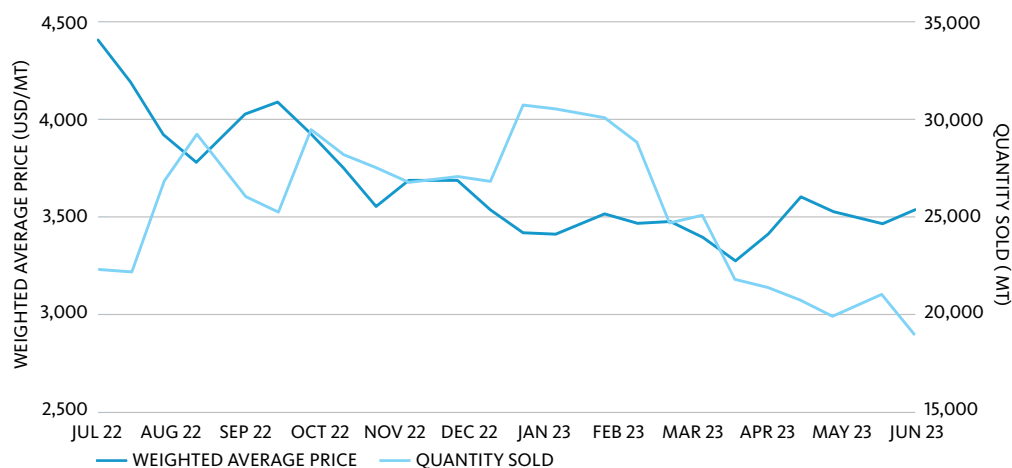
Fonterra GDT results

This table provides more information on the latest results, including a snapshot of the year-to-date results.

	LAST TRADING EVENT (20 JUNE 2023)	YEAR-TO-DATE (FROM 1 AUGUST 2022)
Quantity Sold on GDT (Winning MT)	18,999	567,157
Change in Quantity Sold on GDT over same period last year	(4.7%)	2.4%
Weighted Average Product Price (USD/MT)	3,539	3,619
Change in Weighted Average Product Price over same period last year	(23.4%)	(18.1%)
Change in Weighted Average Product Price from previous event	2.1%	-

Fonterra GDT results

This chart shows Fonterra GDT prices and volumes over the past 12 months.



Glossary

AMF

Anhydrous Milk Fat.

BMP

Butter Milk Powder.

Cultured Products

Fermented milks that are prepared by using starter cultures and controlled fermentation including yoghurt, yoghurt drinks, sour cream, crème fraîche.

DIRA

Dairy Industry Restructuring Act 2001 (New Zealand).

Farmgate Milk Price

The price for milk supplied in New Zealand to Fonterra by farmer shareholders.

Fluid Products

The Fonterra grouping of fluid milk products (skim milk, whole milk and cream – pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt.

GDT

Global Dairy Trade, the online provider of the twice monthly global auctions of dairy ingredients.

kgMS

Kilogram of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.

MPC

Milk Protein Concentrate.

Non-Reference Products

All dairy products, except for Reference Products, produced by the New Zealand Ingredients business.

Reference Products

The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF.

Season

New Zealand: A period of 12 months to 31 May in each year.

Australia: A period of 12 months to 30 June in each year.

SMP

Skim Milk Powder.

WMP

Whole Milk Powder.

WPC

Whey Protein Concentrate.

WPI

Whey Protein Isolate.