



The a2 Milk Company Limited

# 2025 INTERIM RESULTS

We pioneer the future of Dairy for good

17 February 2025



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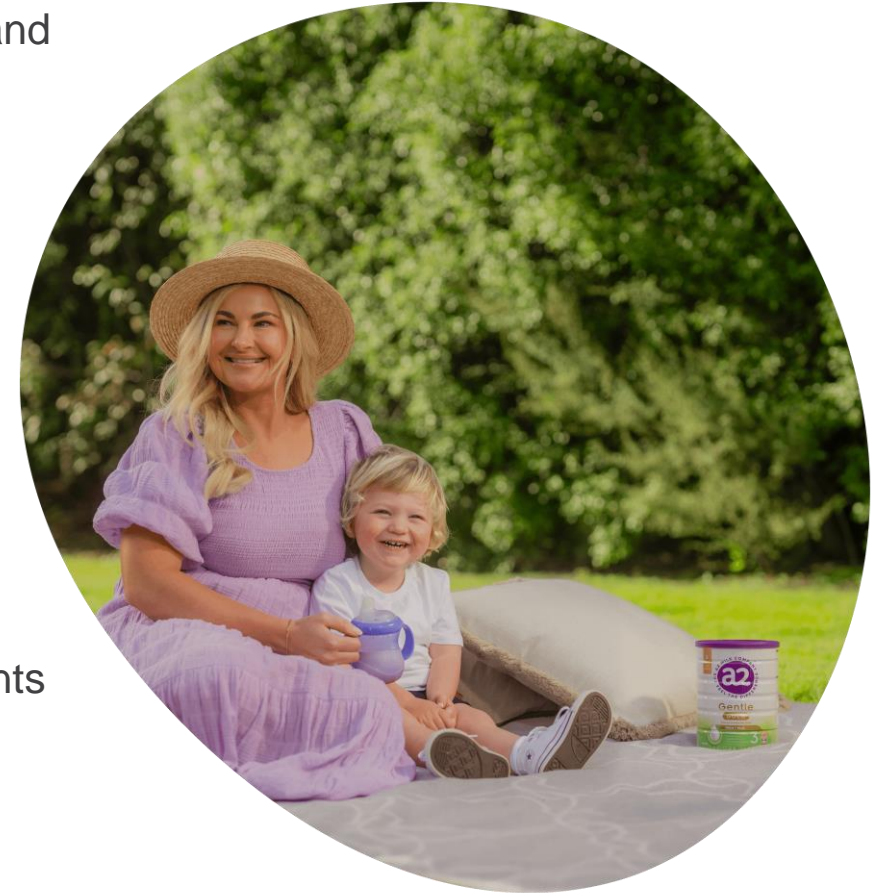
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# Strong 1H25 operating and financial performance

- 1 Achieved Group **double-digit revenue growth** with full year revenue and earnings **guidance upgraded**
- 2 Delivered **English label IMF double-digit revenue growth** driven by CBEC and O2O channels supported by EL market recovery
- 3 Continued to **gain record market share in China label IMF** whilst minimising impact from temporary supply constraints that were resolved during the half
- 4 **Ramped up innovation launching new products** in IMF and Other Nutritionals categories targeting infants, kids and seniors segments
- 5 **Introduced dividend policy for the first time** in Company history and declared first interim dividend



# Continued growth in revenue, earnings and cash flow

## Group performance

- **Revenue** up 10.1% to \$893.8 million
- **EBITDA** up 5.0% to \$118.9 million
  - Including ~\$8 million of incremental airfreight costs to address temporary supply constraints (non recurring)
- **EBITDA margin** of 13.3%, down 0.6ppts due to supply constraints
- **Net profit after tax (NPAT)** up 7.6% to \$91.7 million<sup>1</sup>
  - Including incremental airfreight costs (refer above) and MVM coal boiler accelerated depreciation of \$5.1 million (non recurring)
- **Basic earnings per share (EPS)** up 7.4% to 12.7 cents
- Closing **net cash**<sup>2</sup> of \$1,014.0 million up \$45.1 million on 30 June 2024 with cash conversion of 106%<sup>3</sup>
- Interim **dividend** of 8.5 cents per share declared (~67% payout)

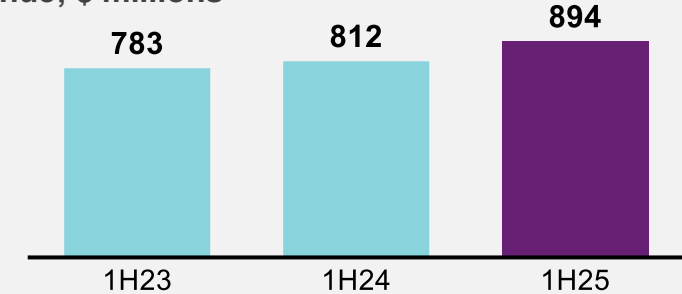
<sup>1</sup>Excludes non-controlling interest in Mataura Valley Milk (MVM), a loss of \$7.7 million.

<sup>2</sup>Including term deposits and borrowings, excluding subordinated non-current shareholder loans.

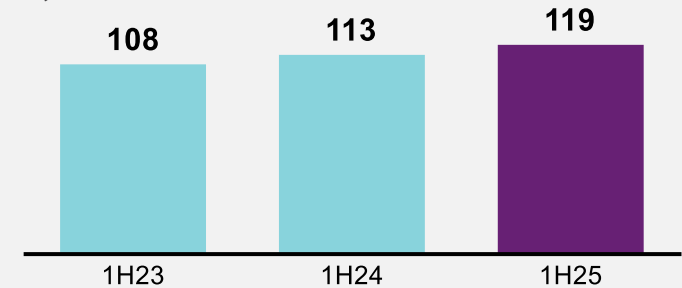
<sup>3</sup>Calculated as net cash flow from operating activities before interest and tax divided by EBITDA.

## Key financials

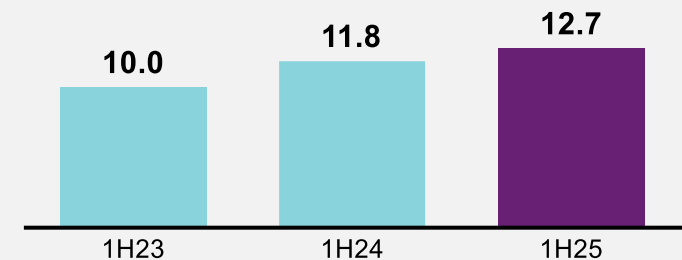
Revenue; \$ millions



EBITDA; \$ millions



Basic EPS; cents per share



# Growth driven by English label IMF, Liquid Milk and Other Nutritionals

## Segment performance

- **China & Other Asia segment** sales up 11.8%, led by English label IMF CBEC and O2O channel growth (up 22.7%) and Other Nutritionals
- **ANZ segment** sales down 2.8% consistent with Daigou channel decline, offset by Australian liquid milk growth
- **USA segment** sales up 13.3% driven by liquid milk growth
- **MVM** external ingredient sales up 31.9% due to higher GDT pricing and milk volumes processed

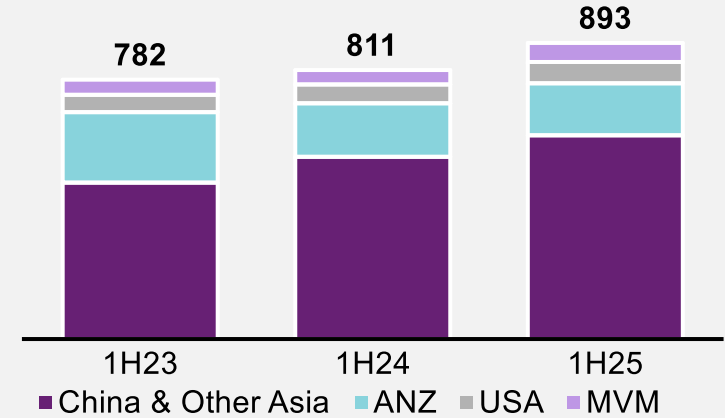
## Product performance

- **IMF** sales up 7.2%
  - English label sales up 13.0%, up 6.3% on 2H24
  - China label sales up 2.0% in a market that declined by 8.0%<sup>1</sup>
- **Liquid Milk** sales in ANZ and USA up 11.2% and 13.4%, respectively
- **Other Nutritionals** sales up 17.3%

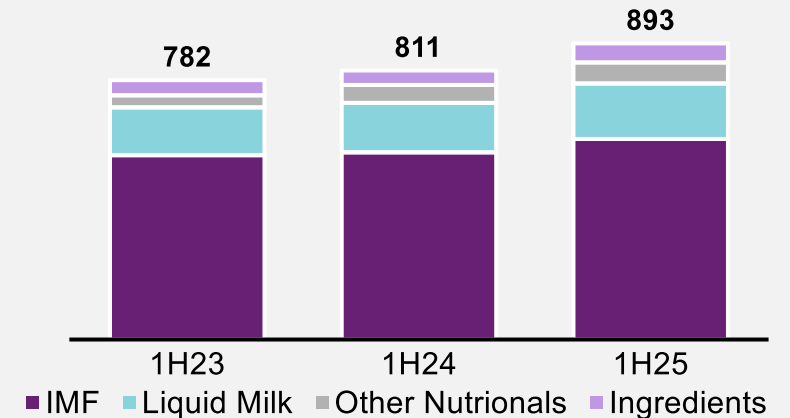
<sup>1</sup>Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 26 weeks ending 27 December 2024.

## Segment and product sales

Segment sales; \$ millions



Product sales; \$ millions



# Results supported by key operational achievements

- **Brand health:** China IMF brand health improved supported by a2® brand superiority campaign
- **Infant Milk Formula (IMF)**
  - **China label:** Achieved record market share and minimised temporary impact of supply constraints
  - **English label:** Delivered second consecutive half of sales growth with strong post Double-11 demand
  - **USA:** Submitted New Infant Formula Notification (NIFN) to US FDA for long term approval
- **Liquid Milk**
  - **ANZ:** Gained market share despite cost of living pressures
  - **USA:** Gained market share whilst delivering significant cost reductions and improved profitability
- **Other Nutritionals:** Continued strong growth of new tub formats and recently launched fortified products
- **Innovation**
  - Introduced new EL IMF product, *a2 Genesis™*, targeting growing HMO formulation segment
  - Expanded fortified milk powder range targeting growing seniors and kids segments
  - Signed agreement to establish the a2® Global R&D Centre in partnership with China State Farm
- **Emerging markets:** Launched *a2 Platinum®* into Vietnam and registered *a2 Gentle Gold™* for 2H25 Vietnam launch
- **Supply chain:** Commenced first China based production of new fortified senior products using pure and natural *a2 Milk™* powder produced at MVM

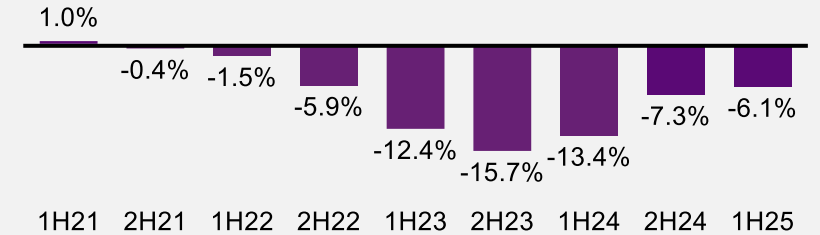


# Some improvement in China IMF market conditions

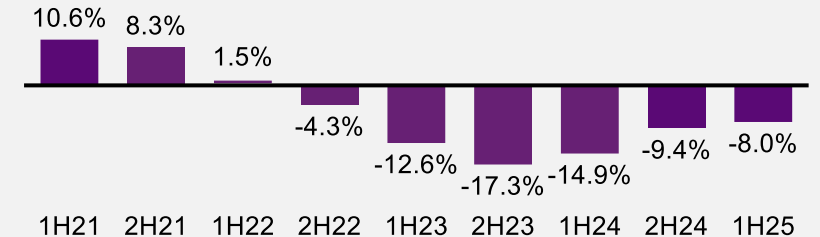
## China IMF market conditions

- **China IMF market** decline improved to -6.1%<sup>1</sup> supported by growth in Stage 1 (0-6 months) driven by an increase in China newborns. Stage 3 (1+ years) and Stage 4 (3+ years) continued to decline mainly due to the cumulative impact of fewer newborns in prior years
- **China newborns** of 9.54 million in CY24<sup>2</sup>, up 5.8% on CY23 and the first growth since 2016, supporting Stage 1 growth
- **China label IMF market** value down 8.0% in 1H25<sup>1</sup>, due to lower volumes with pricing pressure stabilising
- **English label IMF market** grew for the second consecutive half, up 7.1% in 1H25<sup>1</sup>, driven by Stage 1 and 2 growth, switching from China label to English label and premiumisation across all stages
- **Key&A cities** declined by 4.0% in 1H25<sup>1</sup> whereas **BCD cities** declined by 8.4%
- **A2 protein segment** grew 14% in 1H25, now 20% of China IMF market value (up from 18% in FY24<sup>1</sup>)
- **Market concentration** continues with top-5 brands now representing over 57%<sup>1</sup> of market value, up 3 ppts on FY24

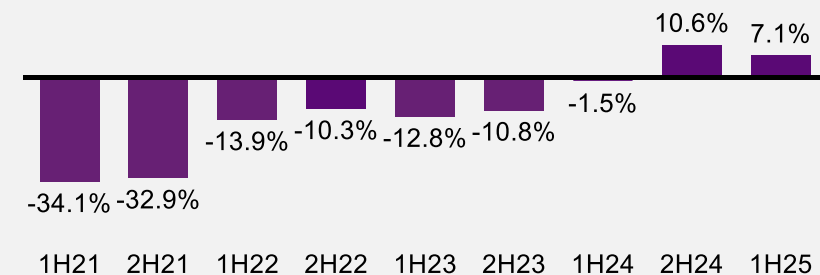
Total China IMF market value vs pcp<sup>1</sup>



China label IMF market value vs pcp<sup>1</sup>



English label IMF market value vs pcp<sup>1</sup>



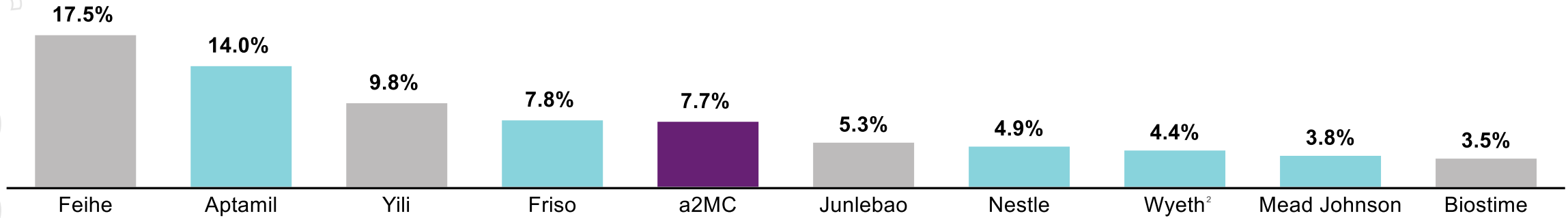
<sup>1</sup>Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 26 weeks ending 27 December 2024 and similar for prior periods.

<sup>2</sup>China National Bureau of Statistics.

# Maintained top-5 market share position and a top-3 share gainer

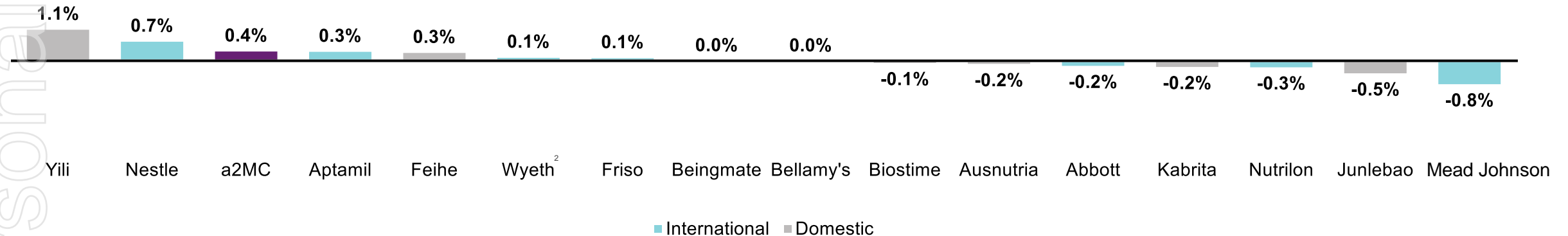
## Total China IMF market share

Value % share by brand<sup>1</sup>; MAT Dec-24



## Market share movements by IMF brand

Change in IMF value share (% pts)<sup>3</sup>; MAT Dec-24 vs MAT Jun-24



<sup>1</sup> Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities) for the 52 weeks ending December 2024.

<sup>2</sup> Wyeth Nutrition is also owned by the Nestle Group.

<sup>3</sup> Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities) MAT Dec-24 vs MAT Jun-24.

# FY25 outlook upgraded

Revenue and earnings guidance has improved from the Company's prior outlook statement<sup>1</sup> mainly due to:

- Stronger than expected demand for English label IMF in CBEC and O2O channels
- Increased Liquid Milk sales, particularly in the USA club channel
- Movements in actual and forecast currency rates reflecting NZD depreciation, which are expected to inflate both revenue and costs (including hedge losses)
- Higher GDT pricing increasing MVM external ingredients sales

For FY25, the Company is now expecting the following relative to FY24:

- Revenue growth of low to mid double-digit<sup>2</sup> percent (previously mid to high single-digit percent)
- Gross margin (% of sales) to be similar to up
- Marketing expenses (% of sales) to be similar to up
- Administrative & Other expenses (% of sales) to be down
- EBITDA margin (% of revenue) to be slightly up (previously broadly in line)
- Operational cash conversion to be approximately 90%
- Capital expenditure to be approximately \$20 million

*See full outlook statement in results commentary and outlook announcement dated 17 February 2025 including key risks*

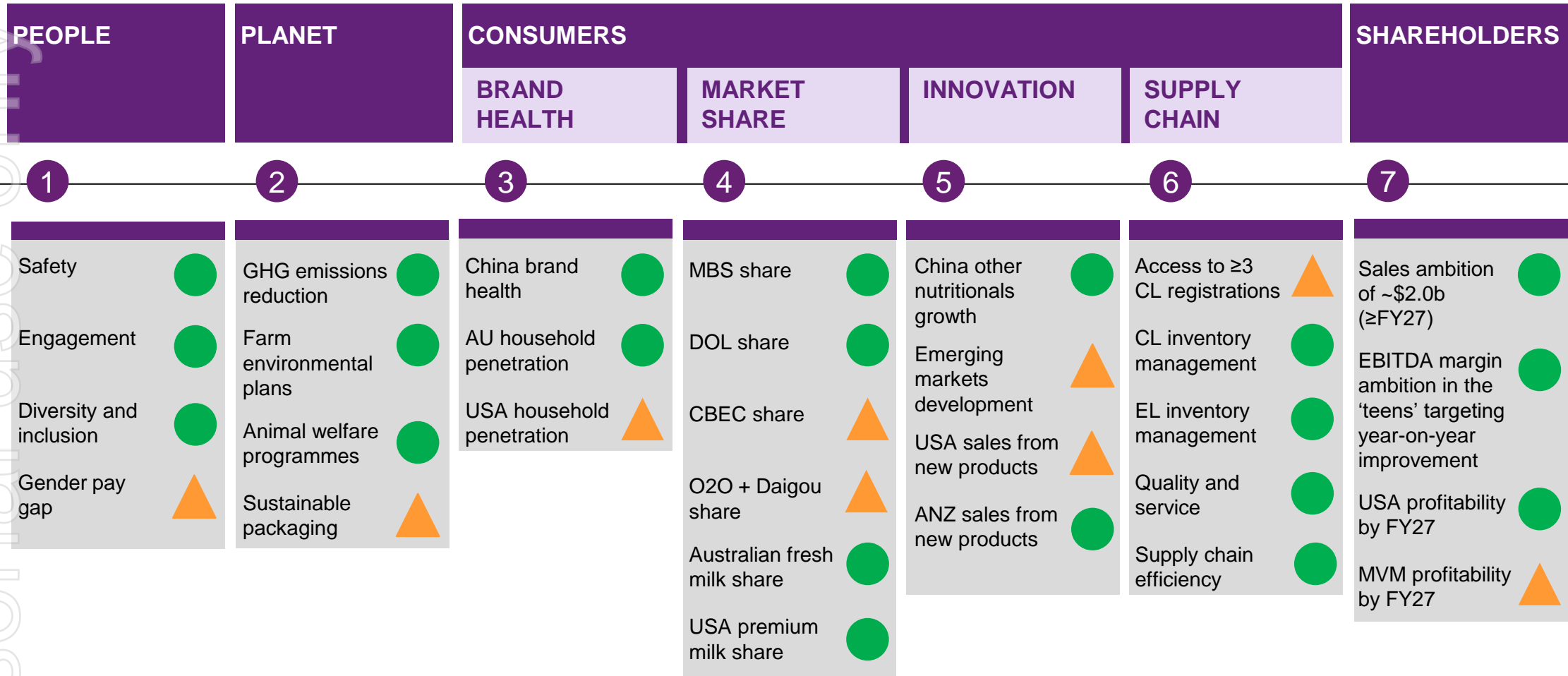
<sup>1</sup> See outlook statement from 2024 Annual Meeting (22 November 2024).

<sup>2</sup> Double-digit refers to the range 10%-20%.

# Continued execution of growth strategy with supply chain transformation a key focus

<b>Purpose</b>	<b>We pioneer the future of Dairy for good</b>				
<b>Vision</b>	<b>An A1-free world where Dairy nourishes all people and our planet</b>				
<b>Goals</b>	<b>PEOPLE</b> Create a safe, diverse, inclusive and engaging place for our people to thrive, support our farmers and contribute to our communities	<b>PLANET</b> Protect our planet and cows, rethink packaging, achieve net zero and become nature positive	<b>CONSUMERS</b> Bring the unique benefits of pure and natural <i>a2 Milk™</i> to as many consumers as possible	<b>SHAREHOLDERS</b> Create long-term, enduring value for shareholders and maintain a trusted, transparent relationship	
<b>Strategic priorities</b>	<b>1</b> <b>Invest in people and planet leadership</b> <ul style="list-style-type: none"> <li>- Invest in our people to enable them to thrive</li> <li>- Take direct action to lead the industry in GHG emissions reduction, farming practices and sustainable packaging</li> </ul>	<b>2</b> <b>Capture full potential in China IMF</b> <ul style="list-style-type: none"> <li>- Increase share in key accounts, expand in lower tier cities and further accelerate online growth</li> <li>- Invest in brand strength and leverage across two labels and wider portfolio</li> </ul>	<b>3</b> <b>Ramp-up product innovation</b> <ul style="list-style-type: none"> <li>- Expand EL and CL IMF product portfolios</li> <li>- Develop other nutritionals for kids, adults and seniors</li> <li>- Leverage IMF and other products into new markets</li> <li>- Innovate in liquid milk</li> </ul>	<b>4</b> <b>Transform our supply chain</b> <ul style="list-style-type: none"> <li>- Expand CL market access through MVM and other investment opportunities, primarily in NZ and China over time</li> <li>- Develop supply capability to enable innovation</li> </ul>	<b>5</b> <b>Accelerate path to profitability</b> <ul style="list-style-type: none"> <li>- Improve USA liquid milk losses and invest in development of IMF opportunity</li> <li>- Increase MVM A1-free milk pool, nutritional capability, utilisation and efficiency</li> </ul>
<b>Enablers</b>	<b>Quality &amp; Service</b>		<b>Brand strength</b>	<b>Science &amp; Innovation</b>	<b>Strategic relationships</b>
<b>Values</b>	<b>B</b> <b>Bold passion</b>	<b>O</b> <b>Ownership &amp; agility</b>	<b>L</b> <b>Leading constructively</b>	<b>D</b> <b>Disruptive thinking</b>	

# Progress towards achieving medium-term goals reflected in measures of success



● On track ▲ Work in progress

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# Continued progress made against supply chain transformation priority

- **Advanced EL IMF partnership with Yashili NZ** with the development and manufacture of a new HMO formulation product, *a2 Genesis*<sup>TM</sup>
- **Commenced China based production of seniors fortified milk powders**, launching three products in partnership with Shanghai Howell Nutrition Dairy Co., Ltd. using MVM produced *a2 Milk*<sup>TM</sup> powder
- **Transitioned *a2 Milk*<sup>®</sup> powder pouch manufacturing** to NZ Nutritional Wellness, improving production efficiency and capability, and upgrading packaging with advanced traceability features
- **Significant upgrade of Kyabram (Australia) fresh milk facility** in partnership with Kyvalley Dairy, unlocking additional capacity and on track for completion during 2H25
- **Continued to progress M&A opportunities** to accelerate CL market access and develop nutritional manufacturing capability with the intention of making meaningful progress during CY25

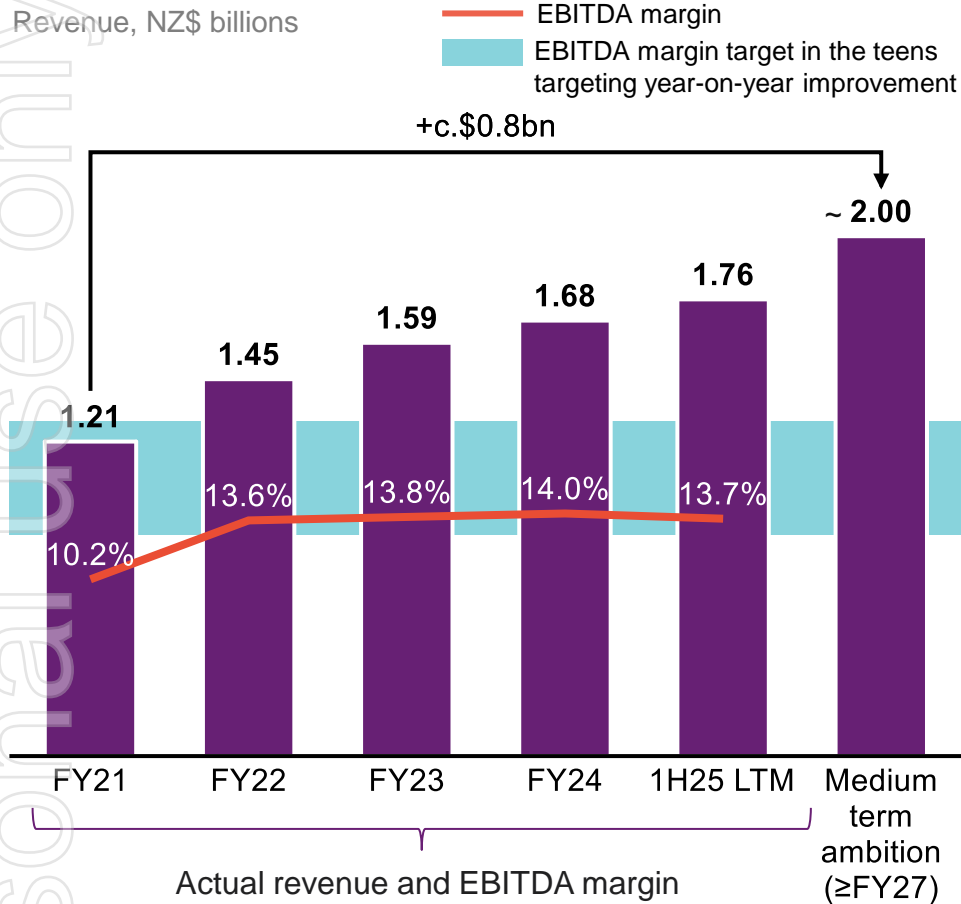


Shanghai Howell Nutrition Dairy Co., Ltd.

- State of the art Shanghai manufacturing facility
- Advanced R&D, quality and laboratory teams
- IMF and adult milk powder (AMP) blending and canning expertise
- 7 x winner of gold award for IMF quality
- Applies IMF standards to fortified milk powder production

# Significant progress against medium term growth ambition

## Medium-term revenue and EBITDA margin ambition



## Areas of planned revenue growth

Market/category	Growth ambition (FY21 to ≥FY27) <sup>1</sup>	Tracking
China label IMF	\$0.4	On track
English label IMF	\$0.3	Work in progress
China other nutritionals	\$0.2	On track
Emerging markets	\$0.1	Work in progress
ANZ	\$0.1	Work in progress
USA	\$0.1	On track
Non-specific risk	\$(0.4)	-
<b>Net growth</b>	<b>~\$0.8bn</b>	On track

● On track ▲ Work in progress

## Commentary

- Strong 1H25 result and upgraded FY25 guidance sees a2MC well positioned as the Company moves closer to its medium term revenue ambition of ~\$2 billion
- Improved FY25 outlook driven by stronger EL demand, increased liquid milk sales, as well as FX and GDT movements
- 1H25 LTM EBITDA margin impacted by airfreight due to temporary supply constraints – the Company continues to target EBITDA margin improvement
- In-sourcing of *a2 Platinum*<sup>®</sup> is expected to impact medium term revenue by reducing external ingredient sales at MVM over time

Refer to Investor Day materials communicated to the market on 27 October 2021 for further information on medium-term ambition, strategy, risks and opportunities

<sup>1</sup> Incremental revenue ambition growth bridge from \$1.21 billion in FY21 to ~\$2.0 billion in ≥FY27.



# Financial overview



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# Revenue and earnings growth with margins impacted by one-off items

\$ million <sup>1</sup>	1H25	1H24	% change
Net Sales Revenue	892.8	811.1	10.1%
Gross Margin	400.0	378.8	5.6%
GM %	44.8%	46.7%	(1.9ppts)
Other Revenue	1.1	1.0	5.2%
Distribution	(26.9)	(25.5)	5.6%
% Net Sales Revenue	3.0%	3.1%	(0.1ppts)
Marketing	(145.9)	(136.7)	6.7%
% Net Sales Revenue	16.3%	16.9%	(0.5ppts)
Administrative and other (SG&A)	(124.2)	(113.2)	9.8%
% Net Sales Revenue	13.9%	14.0%	(0.0ppts)
Interest Income and Finance Costs	23.3	16.5	41.2%
Profit Before Tax	127.3	120.9	5.3%
Income Tax Expense	(43.3)	(42.3)	2.2%
<b>NPAT</b>	<b>84.0</b>	<b>78.6</b>	<b>6.9%</b>
- Attributable to owners of the Company	91.7	85.3	7.6%
- Attributable to non-controlling interests	(7.7)	(6.7)	15.9%
<b>Group Revenue<sup>2</sup></b>	<b>893.8</b>	<b>812.1</b>	<b>10.1%</b>
<b>EBITDA<sup>3</sup></b>	<b>118.9</b>	<b>113.2</b>	<b>5.0%</b>
EBITDA Margin %	13.3%	13.9%	(0.6ppts)
<b>EPS – basic (cents)</b>	<b>12.7</b>	<b>11.8</b>	<b>7.4%</b>

<sup>1</sup> All figures quoted in New Zealand Dollars (NZ\$) and all comparisons are with the 6 months ended 31 December 2023 (1H24) unless otherwise stated. Numbers may not add down due to rounding.

<sup>2</sup> Group revenue comprises net sales revenue and other revenue.

<sup>3</sup> Earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is a non-GAAP measure.

- **Net sales revenue** growth of 10.1% reflects strong EL IMF CBEC and O2O channel performance, double-digit liquid milk sales growth in ANZ and USA, continued contribution from Other Nutritionals innovation and higher external sales from MVM
- **Gross margin** of 44.8%, down 1.9ppts, driven by IMF supply constraints (mainly airfreight) and remaining coal boiler accelerated depreciation
- **Distribution costs** lower as a % of net sales revenue due to improvement in USA freight rates
- **Marketing expenses** higher to support China growth strategy. Some marketing re-phased to 2H25 in response to 1H25 temporary supply constraints
- **Administrative and other expenses (SG&A)** higher due to impact of FX losses and capability build, partially offset by cost reduction initiatives
- **Interest income** increased due to higher cash balances
- **Effective tax rate** improved due to reduced MVM and US losses
- **NPAT** attributable to owners of the Company increased by 7.6% to \$91.7 million
- **Basic EPS** was up 7.4% to 12.7 cents per share
- **Interim dividend** of 8.5cps declared ~67% of NPAT payout aligned to a2MC's recently established dividend policy, fully imputed and fully franked

# Double-digit China growth driven by strategic market focus

\$ million		China & Other Asia	ANZ	USA	MVM <sup>1</sup>	Corporate	Total Group
1H25	Revenue	614.2	157.7	64.5	57.4	-	893.8
	EBITDA	148.0	29.5	(4.9)	(11.9)	(41.8)	118.9
	EBITDA %	24.1%	18.7%	(7.5%)	(20.8%)	-	13.3%
1H24	Revenue	549.5	162.2	56.9	43.5	-	812.1
	EBITDA	135.9	34.8	(8.3)	(15.3)	(33.8)	113.2
	EBITDA %	24.7%	21.4%	(14.6%)	(35.1%)	-	13.9%
% change	Revenue	11.8%	(2.7%)	13.2%	31.9%	-	10.1%
	EBITDA	8.9%	(15.1%)	41.7%	22.0%	23.5%	5.0%

<sup>1</sup>MVM excludes intercompany sales.



# Strong growth across all product categories

Net sales revenue \$ million		China & Other Asia	ANZ	USA	MVM <sup>1</sup>	Total Group
1H25	IMF	563.4	40.5	0.8	-	604.7
	Liquid milk <sup>2</sup>	-	103.8	63.4	-	167.3
	Other nutritionals <sup>3</sup>	50.8	12.6	-	-	63.4
	Ingredients	-	-	-	57.4	57.4
	<b>TOTAL</b>	<b>614.2</b>	<b>156.9</b>	<b>64.3</b>	<b>57.4</b>	<b>892.8</b>
1H24	IMF	509.5	54.0	0.8	-	564.3
	Liquid milk <sup>2</sup>	-	93.3	56.0	-	149.3
	Other nutritionals <sup>3</sup>	39.9	14.1	-	-	54.1
	Ingredients	-	-	-	43.5	43.5
	<b>TOTAL</b>	<b>549.5</b>	<b>161.4</b>	<b>56.8</b>	<b>43.5</b>	<b>811.1</b>
% change	IMF	10.6%	(24.9%)	4.7%	-	7.2%
	Liquid milk <sup>2</sup>	-	11.2%	13.4%	-	12.1%
	Other nutritionals <sup>3</sup>	27.3%	(11.0%)	-	-	17.3%
	Ingredients	-	-	-	31.9%	31.9%
	<b>TOTAL</b>	<b>11.8%</b>	<b>(2.8%)</b>	<b>13.3%</b>	<b>31.9%</b>	<b>10.1%</b>



<sup>1</sup>MVM excludes intercompany sales.

<sup>2</sup>Excludes liquid milk products (plain and fortified) exported to China and Other Asia markets.

<sup>3</sup>Comprises powdered milk products (plain and fortified), and liquid milk products (plain and fortified) exported to China and Other Asia markets.

# Cash conversion supported by working capital timing benefit

\$ million	1H25	1H24	% change
<b>Cash flows from operating activities</b>			
Receipts from customers	872.8	799.7	9.1%
Payments to suppliers and employees	(746.5)	(701.5)	6.4%
Net interest flows and taxes paid	(47.5)	(36.1)	31.7%
<b>Net operating cash flows</b>	<b>78.8</b>	<b>62.1</b>	<b>26.8%</b>
<b>Net cash flows from investing activities</b>	<b>(90.5)</b>	<b>(19.8)</b>	<b>358.0%</b>
<b>Net cash flows from financing activities</b>	<b>25.1</b>	<b>(47.1)</b>	<b>(153.4%)</b>
<b>Net increase/(decrease) in cash</b>	<b>13.5</b>	<b>(4.7)</b>	<b>(388.1%)</b>
Cash at the beginning of the period	518.9	352.2	47.3%
Effect of exchange rate changes on cash	9.6	(5.4)	(276.2%)
<b>Closing cash at the end of the period</b>	<b>542.0</b>	<b>342.1</b>	<b>58.4%</b>
<b>Net cash comprised of:</b>			
Cash and short-term deposits	542.0	342.1	(47.3%)
Term deposits	500.0	450.0	11.1%
Bank borrowings	(28.0)	-	nm
<b>Total net cash</b>	<b>1,014.0</b>	<b>792.1</b>	<b>28.0%</b>

- **Cash flows from operating activities: \$78.8 million**
  - Operating cash conversion of 106%<sup>1</sup> (1H24: 87%)
  - Positive outcome supported by timing of inventory purchases and marketing activities
- **Cash flows from investing activities: (\$90.5 million)**
  - Incremental term deposits of \$50 million and additional investment in Synlait of \$32.8 million
- **Cash flows from financing activities: \$25.1 million**
  - Includes \$28.0 million drawdown on MVM’s external banking facility to support operational working capital needs during peak production season

<sup>1</sup> Calculated as net cash flow from operating activities before interest and tax divided by EBITDA.

# Strong balance sheet underpinned by high cash conversion

\$ million	1H25	2H24	% change
Cash and term deposits	1,042.0	968.9	7.5%
Trade and other receivables	93.7	78.1	20.0%
Inventories	192.6	179.6	7.2%
Other current assets	79.5	61.3	29.8%
<b>Total current assets</b>	<b>1,407.8</b>	<b>1,287.9</b>	<b>9.3%</b>
Property, plant & equipment	222.8	231.4	-3.7%
Intangible assets	111.7	111.1	0.5%
Other non-current assets	153.1	104.4	46.6%
<b>Total non-current assets</b>	<b>487.6</b>	<b>446.9</b>	<b>9.1%</b>
<b>TOTAL ASSETS</b>	<b>1,895.4</b>	<b>1,734.8</b>	<b>9.3%</b>
Trade and other payables	385.5	347.6	10.9%
Other current liabilities	88.4	69.2	27.8%
<b>Total current liabilities</b>	<b>473.9</b>	<b>416.8</b>	<b>13.7%</b>
<b>Total non-current liabilities</b>	<b>66.7</b>	<b>61.3</b>	<b>8.8%</b>
<b>TOTAL LIABILITIES</b>	<b>540.6</b>	<b>478.1</b>	<b>13.1%</b>
<b>NET ASSETS</b>	<b>1,354.8</b>	<b>1,256.7</b>	<b>7.8%</b>

- **Cash and term deposits** balance and consolidated net cash position of \$1,014.0 million<sup>1</sup> with operating cash conversion at 106%<sup>2</sup>
- **Trade and other receivables** up \$15.6 million and **Inventories** up \$13.0 million, mainly driven by MVM's seasonal production peak during 2Q
- **Other current assets** up \$18.2 million driven by valuations of FX forward contracts
- **Other non-current assets** up \$48.7 million due to additional investment in Synlait of \$32.8 million, with total valuation at December 2024 of \$52 million
- **Trade and other payables** up \$37.9 million due to timing of CL IMF inventory orders and marketing activities, and MVM's milk production seasonality
- **Other current liabilities** up \$19.2 million mainly due to MVM's bank loan of \$28.0 million to support MVM's working capital requirements during peak production period

<sup>1</sup> Including term deposits and borrowings, excluding subordinated non-current shareholder loans.

<sup>2</sup> Calculated as net cash flow from operating activities before interest and tax divided by EBITDA.



# Regional and product performance



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# Sustained China label growth despite market and supply challenges

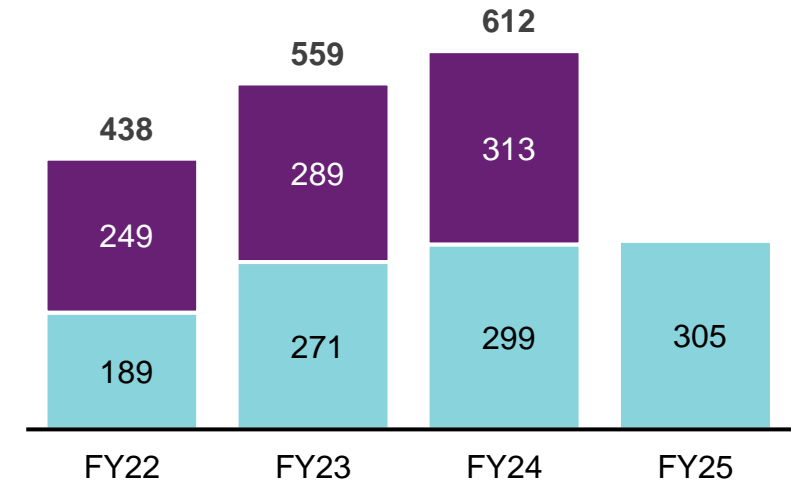
## Growth driven by online channel, with supply constraints resolved

- CL IMF sales up 2.0% in a declining market (down 8.0% on 1H24<sup>1</sup>) and achieved record high China label IMF market share of 5.3%<sup>1</sup>
- Successful prioritisation of major online platforms, offline key accounts and trade activation to minimise impact of supply constraints on sales and new user recruitment
- Trade inventory restored to target levels ahead of Chinese New Year except for Stage 1 which was below target due to strong demand
- Other Nutritionals in growth due to innovation and organisational focus, with new locally produced seniors fortified milk powder range launched late in 1H25



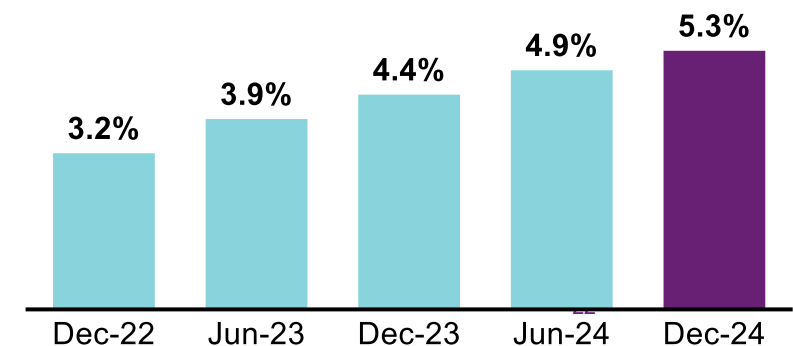
## China label net sales revenue

\$ million<sup>4</sup>



## China label IMF market share

MAT share of total China label IMF market value %<sup>1</sup>



<sup>1</sup> Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) values.

<sup>2</sup> Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value) 12-month rolling share. Nielsen had panel enhancement in Jan-24 which led to restatement of historical data.

<sup>3</sup> Smart Path China IMF online market tracking: domestic online platform sales (by value) 12-month rolling share.

<sup>4</sup> Subject to rounding.

# Maintained MBS (offline) share with DOL (online) share reaching new highs

## China label market dynamics improving

- China label market declined by 8.0% in 1H25<sup>1</sup> due to lower volumes
- Average CL retail selling price stabilising following a period of decline and market wide GB transition
- Continued shift to online channels with further offline retailer consolidation and store closures

CL IMF market value share (MAT) <sup>1</sup>	Jun-23	Jun-24	Dec-24
DOL	23%	26%	27%
MBS	51%	50%	51%
Other	26%	24%	22%

- Market concentration trend continues with top-10 brands (including a2MC) now representing 78%<sup>1</sup> of total CL market (75% in pcp)

<sup>1</sup>Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities).

<sup>2</sup>Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value).

<sup>3</sup>Smart Path China IMF online market tracking: DOL platform sales (by value).

## Strong a2™ China label performance driven by DOL

- Share gains in early stage products in MBS and DOL driven by consumer education and new user recruitment focus
- Achieved record high DOL market share, particularly in JD
- Maintained MBS share in Key&A and BCD cities during a period of supply constraints where online channels were prioritised
- Expanded offline distribution, particularly in BCD cities
- Key market share metrics:

CL IMF market value share (MAT)	Jun-24	Dec-24	% change
Kantar Total CL <sup>1</sup>	4.9%	5.3%	+0.4ppts
Nielsen MBS <sup>2</sup>	3.5%	3.5%	0.0ppts
Key&A cities	6.8%	6.7%	-0.1ppts
BCD cities	3.0%	3.0%	0.0ppts
Smart Path DOL <sup>3</sup>	3.9%	4.1%	+0.2ppts

Market share metrics subject to limitations  
(panel size and under or over representation of some channels or accounts)

# Record marketing investment focused on a2<sup>®</sup> brand superiority

## A1 Protein Free campaign



- Campaign focused on leveraging science to educate consumers on A1 protein free benefits
- Focus on A2 beta-casein digestion and other potential health benefits
- Leveraging >20 years of A1 protein free science

## Daddy Lab endorsement



- Daddy Lab: Leading independent quality assurance and evaluation influencer with ~50 million followers on social media
- First Daddy Lab approved IMF product following extensive testing in China and New Zealand (528 tests passed)

## a2<sup>®</sup> Superiority campaign



- Campaign focused on maximising awareness of a2<sup>®</sup> uniqueness and superiority
- Reinforced a2<sup>®</sup> as pioneer and leader of A1 protein free category
- Educated consumers on a2MC's unique TRUE a2<sup>™</sup> ecosystem

# Expanding a2 Milk<sup>®</sup> powder range across key seniors and kids segments

## New fortified seniors powder range launched late in 1H25

- China seniors milk powder market is worth >\$1.5 billion and growing at double-digit rate
- New a2MC CL seniors fortified products manufactured with new China based partner (Howell)
- 3 key distinctive SKUs focused on supporting top senior health needs including immunity, bone, gut and heart health



## New fortified kids powder to launch in 3Q25

- China kids milk powder market is worth >\$1 billion and also growing at double digit rate, taking share from Stage 4 IMF products
- New a2MC CL kids fortified milk powder launching in 3Q25 to capitalise on growing segment
- Designed for kids 3+ years supporting immunity, eye health and brain development with innovative packaging



# Significant increase in English label sales in CBEC and O2O channels

## English label continues to grow supported by strong market

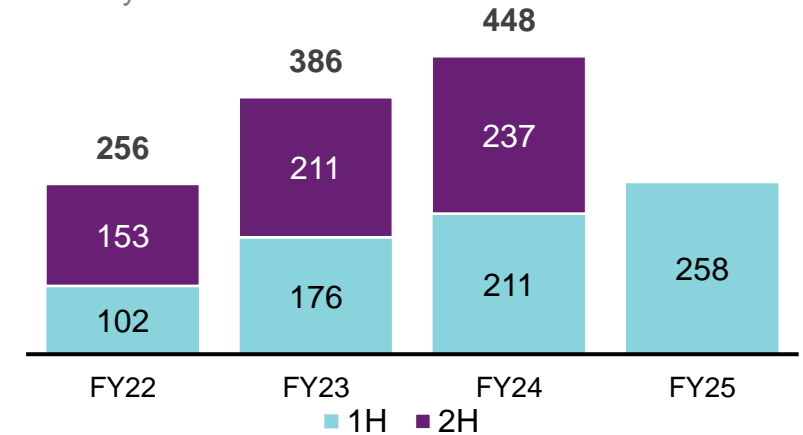
- EL revenue growth<sup>1</sup> of 13.0% to \$298.9 million with combined CBEC and O2O revenue increasing 22.7%, representing 86% of all EL sales
- ANZ declines consistent with ongoing category trend with traditional Daigou trade now estimated to be less than 5% of total a2MC IMF sales
- Focused on growing CBEC and O2O channels and continued transition to drop-ship model to improve serviceability and freshness
- Launch of *a2 Genesis™* positioning a2MC to capture share of fastest growing sub-segment of the English label market (HMO)
- Expanded EL IMF into emerging markets with Vietnam launch for *a2 Platinum®* and Vietnam registration of *a2 Gentle Gold™*
- *a2 Gentle Gold™* sales in line with plan for the Australian retail market – supports IMF portfolio architecture (priced below *a2 Platinum®*)
- Other Nutritionals in growth led by core milk powders and innovation

<sup>1</sup> Excludes USA IMF sales.

<sup>2</sup> Subject to rounding.

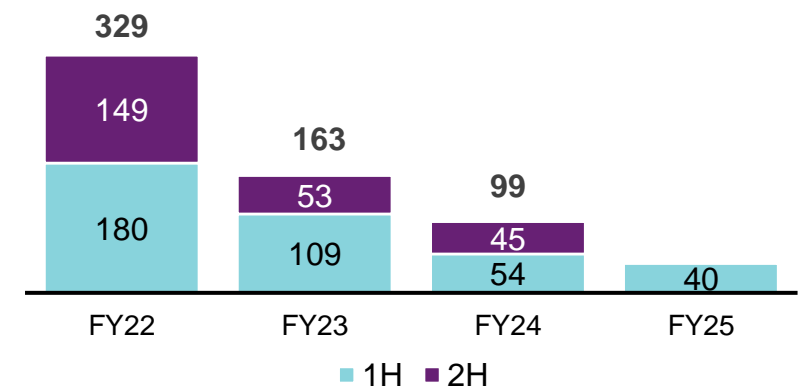
## CBEC (including O2O) EL IMF revenue

\$ million by half<sup>2</sup>



## ANZ EL IMF revenue

\$ million by half<sup>2</sup>



# Positive EL market trends and step up in a2MC demand post Double-11

## Favourable English label market dynamics

- EL increasing share of total IMF, recovering from a low of 14% in FY22 but below pre COVID-19 level of 23% in FY20<sup>1</sup>:

Total IMF market value share (MAT) <sup>1</sup>	Jun-23	Jun-24	Dec-24
English label	15%	17%	18%
China label	85%	83%	82%

- EL lower average selling price versus CL with China macroeconomic environment contributing to consumers seeking better value IMF alternatives
- Continued shift to online channels exposing EL IMF products to wider consumer base
- Increased consumer choice in EL with new formula innovations including the rapid growth of HMO and specialty product segments

## Strong a2<sup>TM</sup> English label performance

- a2MC's demand significantly stepped up post Double-11 driven by strong growth in O2O within lower tier cities and in early stages (S1 and S2) overall
- Offline and online retail POS data and a2MC reported sales growth were stronger than Kantar and Smart Path data
- Trade inventory levels at Dec-24 were at or below target, and consistent with Jun-24
- Key market share metrics:

EL IMF market value share (MAT)	Jun-24	Dec-24	% change
Kantar Total EL <sup>1</sup>	20.2%	19.1%	-1.1ppts
CBEC <sup>1,2</sup>	20.4%	20.2%	-0.2ppts
O2O & Daigou <sup>1</sup>	19.7%	17.9%	-1.8ppts
Smart Path CBEC <sup>3</sup>	20.5%	19.8%	-0.7ppts

Market metrics are subject to limitations (eg small panel size and under representation of some a2MC high growth channels, particularly O2O)

<sup>1</sup>Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities).

<sup>2</sup>Kantar CBEC tracking includes social E-Commerce platforms including Douyin/TikTok, Pinduoduo (and others)

<sup>3</sup>Smart Path China IMF online market tracking: CBEC platform sales (by value).

# Marketing investment focused on building *a2 Platinum*<sup>®</sup> talkability

## Refreshed *a2 Platinum*<sup>®</sup> TVC



- Campaign messaging focused on Advanced Absorption and New Zealand provenance
- Refreshed visuals and TVC
- Activated across digital channels including TikTok, Little Red Book (LRB) and sponsorship of TV drama

## Social Media engagement



- Social campaign across LRB and TikTok focusing on key parent pain points regarding digestion to demonstrate *a2 Platinum*<sup>®</sup> benefits
- Sponsorship of New Year's Eve online live concert by Taiwanese supergroup *Mayday* (23m viewers)

## Consumer testimonials



- Encourage consumers to post about their experiences with *a2 Platinum*<sup>®</sup> in eCommerce platforms and social media
- Consumer testimonials reinforce social media messaging regarding digestion benefits of *a2 Platinum*<sup>®</sup>

# Introducing *a2 Genesis™* targeting growing HMO market segment

- Innovative HMO formulation containing 3 HMOs, probiotics and prebiotics
- Formulated with premium Algal DHA
- Launched in Hong Kong CBEC channel in January 2025
- Manufactured to Hong Kong Regulations
- Product range: Stages 1, 2 and 3
- Enhanced packaging compared to *a2 Platinum®*
- Produced in partnership with Yashili NZ, using pure and natural A1 protein free milk powder produced by MVM in New Zealand

**HMO formulations driving volume growth and price premiumisation in EL channel**



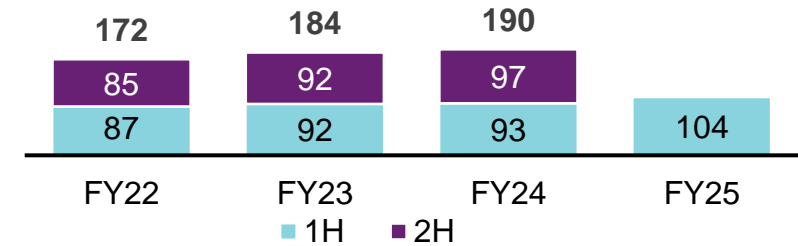
# ANZ liquid milk sales supported by continued strong growth from a2 Milk<sup>®</sup> Lactose Free

## a2MC liquid milk performing well in a challenging market

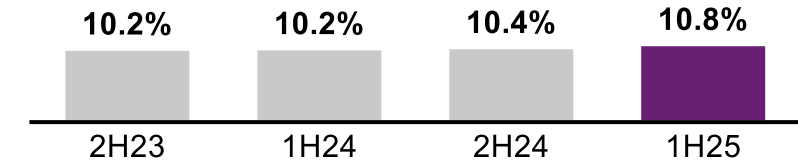
- Net sales revenue up 11.2% to \$103.8 million, with growth across a2 Milk<sup>®</sup> and a2 Milk<sup>®</sup> Lactose Free
- Wider liquid milk category remains challenging consistent with macroeconomic environment – total dairy milk category value sales declined by 0.6%<sup>1</sup> with increased competitor promotional activity
- Total liquid milk value share grew 0.4ppts to 10.8%<sup>2</sup>, with a2 Milk<sup>®</sup> Lactose Free achieving a record high MAT value share of 15.8%<sup>2</sup> (up from 12.7% for FY24)
- a2 Milk<sup>®</sup> Lactose Free share growth was supported by increased distribution (QLD and SA) and awareness gains
- Introduced bottles with 20% recycled HDPE content out of Smeaton Grange facility
- Upgrade of Kyabram milk processing facility with Kyvalley Dairy Group remains on track for completion in 2H25

## Australia liquid milk net sales revenue

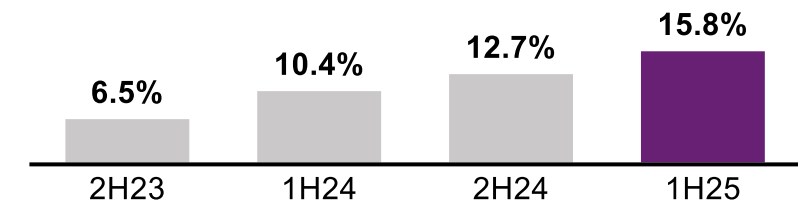
\$ million by half



## Australia liquid milk market value share<sup>2</sup>



## Australia lactose free market value share<sup>2</sup>



<sup>1</sup> IRI Australian Grocery Weighted Scan, 1H25 versus 1H24.

<sup>2</sup> IRI Australian Grocery Weighted Scan, MAT, 1H25 versus FY24.

Note share values have been restated to reflect new methodology used by Circana for "Australia Grocery Weighted". While the absolute numbers have changed, the direction of movement remain consistent with prior years.

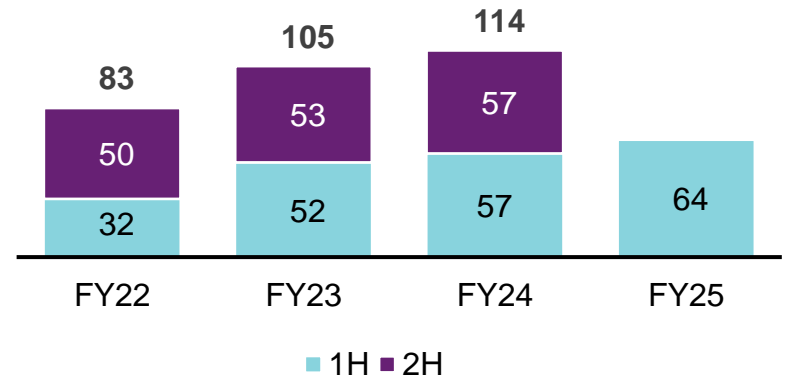
# USA double-digit sales growth with continued profitability improvement

## Strong sales growth supported by ongoing profitability focus

- Revenue increased 13.2% to \$64.5 million
- Sales growth driven by resilient and growing a2 Milk® performance, plus growth from Grassfed and Club channels
- Market value share in the premium milk category increased to 2.4% (up from 2.2% in FY24)<sup>1</sup>
- Profitability improvement reflected in lower EBITDA loss of \$4.9 million, achieved through revenue growth and a focus on optimising trade spend and input and distribution costs
- IMF sales not material under current Enforcement Discretion – focusing on obtaining long term market access
- FDA submission on track with NIFN submitted on time in 2Q25 and currently under FDA review

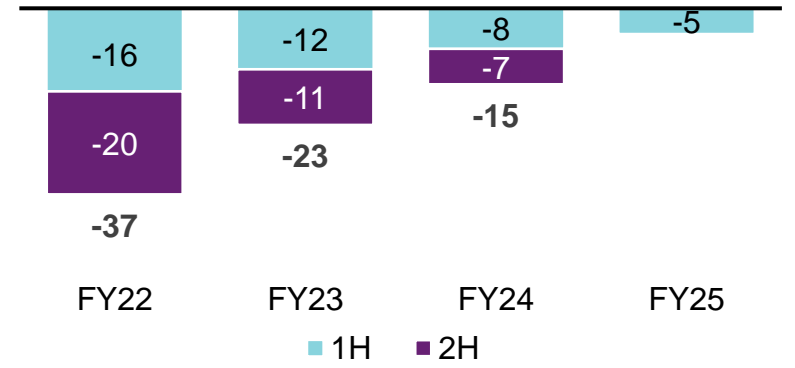
## Revenue

\$ million<sup>2</sup>



## EBITDA

\$ million<sup>2</sup>



<sup>1</sup> SPINS data for the Grocery channel, MAT  
<sup>2</sup> Subject to rounding.

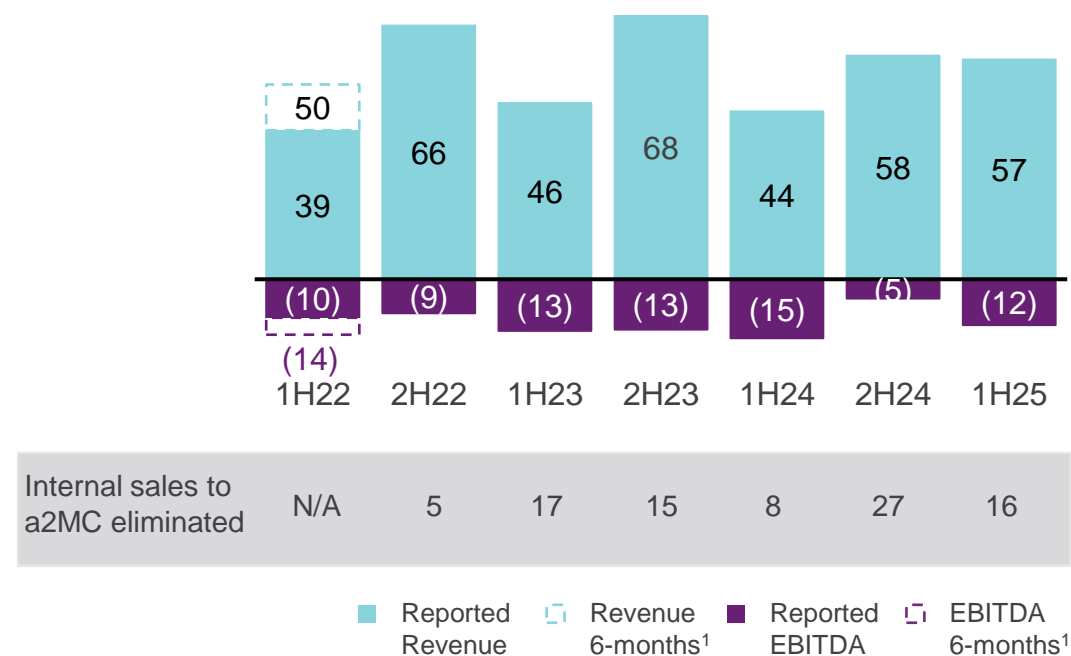
# MVM remains focused on building capability and reducing losses

## Continued focus on site optimisation

- Net sales revenue of \$57.4 million, up \$13.9 million, reflecting higher GDT pricing and higher milk volumes processed
- Internal sales grew reflecting increased demand for innovation, plus timing of sales in FY24 (second half weighted)
- EBITDA loss of \$11.9 million in 1H25 improved due to increased internal sales plus continued cost and productivity focus
- Losses typically weighted to 1H reflecting Winter plant shut down and maintenance period (during July / August)
- Supported a2MC's innovation through the supply of A1 protein free milk powders for use in *a2 Gentle Gold™*, *a2 Genesis™* and new kids and seniors fortified products
- Accelerating path to profitability remains a key focus

## Revenue and EBITDA

\$ million



<sup>1</sup> 1H22 represents pro-forma unaudited results for 6-months. Comprises 5-months reported results under a2MC ownership (acquired at the end of July 2021) plus unaudited financial results for the month of July 2021.



# Questions



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# Appendix



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# Reconciliation of non-GAAP measures

\$ million	1H25	1H24
Australia & New Zealand segment EBITDA	29.5	34.8
China & Other Asia segment EBITDA	148.0	135.9
USA segment EBITDA	(4.9)	(8.3)
MVM segment EBITDA	(11.9)	(15.3)
Eliminations EBITDA	(0.1)	-
Corporate EBITDA	(41.8)	(33.8)
<b>EBITDA<sup>1</sup></b>	<b>118.9</b>	<b>113.2</b>
Depreciation/amortisation	(15.0)	(8.9)
<b>EBIT<sup>1</sup></b>	<b>103.9</b>	<b>104.4</b>
Net interest income	23.4	16.6
Income tax expense	(43.3)	(42.3)
<b>Net profit for the period</b>	<b>84.0</b>	<b>78.6</b>



<sup>1</sup>EBITDA and EBIT are non-GAAP measures. However, the Company believes they assist in providing investors with a comprehensive understanding of the underlying performance of the business.

# a2MC glossary of terms

Acronym	Meaning
a2MC	The a2 Milk Company Limited
AMP	Adult milk powder
ANZ	Australia and New Zealand
ASP	Average selling price
AU	Australia
BCD	Lower tier cities in China
CBEC	Cross-border e-commerce
CL	China label
CY	Calendar year
C2C	Consumer to consumer
DOL	Domestic online channel
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ED	Enforcement discretion
EL	English label
EPS	Earnings per share
ESL	Extended shelf life
FDA	Food & Drug Administration
FX	Foreign exchange
FY	Financial year
GAAP	Generally accepted accounting principles
GB	Guo Biao, national standards of China

Acronym	Meaning
GHG	Greenhouse gas
GM	Gross margin
HMO	Human milk oligosaccharides
IMF	Infant milk formula (Stage 1-4)
IT	Information Technology
JD	Jingdong
KA-MT	Key Account Modern Trade
Key&A	Upper tier cities in China
KG	Kilogram
KMBS	Key Mother and Baby stores
KOL	Key opinion leader
LFL	Like for like
LKA	Local key accounts
LTI	Long term incentive
LTM	Last twelve months
MAT	Moving annual total
MBS	Mother & baby stores
MVM	Mataura Valley Milk Limited
NIFN	New Infant Formula Notification
NKA	National key accounts
NPAT	Net profit after tax
NSW	New South Wales
NZD/NZ\$	New Zealand Dollar

Acronym	Meaning
OOH	Out of home advertising
O2O	Offline to online
PCP	Prior corresponding period
POP	Platform Open Plan
POS	Point of sales
PP&E	Property, plant and equipment
PR	Public relations
QLD	Queensland
RMB	Official currency of China
RRP	Recommended retail price
RTM	Route to market
SA	South Australia
SAMR	State Administration for Market Regulation
SG&A	Selling, general and administrative expenses
Tmall	Taobao Mall
TRIFR	Total recordable injury frequency rate
UHT	Ultra high temperature treated milk
UP	Ultra Premium
USA	United States of America
USD	United States Dollar
VIC	Victoria



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