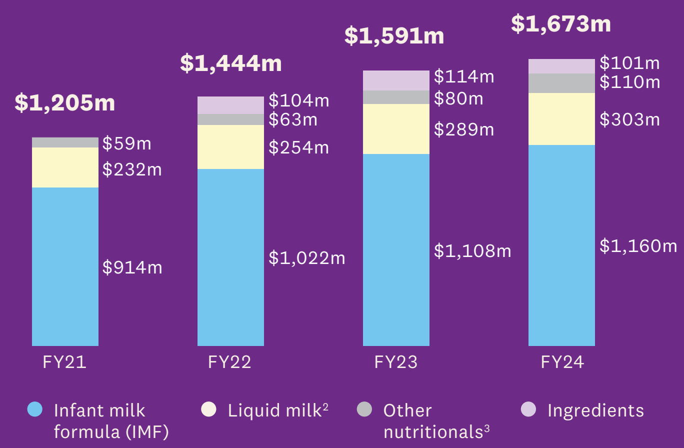
The a2 Milk Company

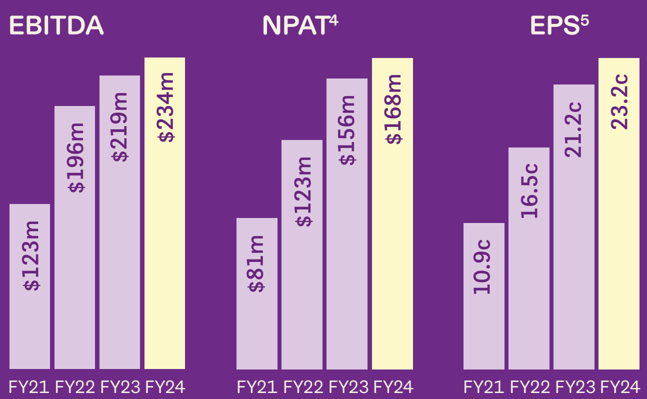
2024 ANNUAL REPORT

We pioneer the future of Dairy for good

The Company's strong execution of its growth strategy is delivering positive results

Sales Revenue[1]





1 Sales revenue reflects Net Sales Revenue and excludes Other Revenue.
2 Excludes liquid milk products (plain and fortified) exported to China and Other Asia markets.
3 Comprises powdered milk products (plain and fortified), and liquid milk products (plain and fortified) exported to China and Other Asia markets.
4 Attributable to owners of the Company.
5 Earnings per share (basic).

CHAIR'S LETTER

PIP GREENWOOD

I am pleased to report another year of strong performance for The a2 Milk Company (a2MC). Despite category and macroeconomic challenges in our key markets, we have executed well against our plans.

We have focussed on delivering against the objectives we shared back in October 2021 when we refreshed our growth strategy, and pleasingly are on track to achieve our financial and non-financial ambitions.

FY24 was a significant year for the Company. Following re-registration from China's State Administration for Market Regulation (SAMR) of our upgraded China label infant milk formula (IMF) product in June 2023, the past year has required meticulous planning and diligent execution to ensure our product was launched and transitioned effectively into the market.

Given the positive signs we have seen including strong consumer offtake and healthy metrics for product freshness and in-market pricing, we are pleased that the transition has been successful. Throughout this process we were well supported, and extend our gratitude to SAMR, New Zealand's Ministry for Primary Industries, our strategic partners in China, China National Agriculture Development Group Co., Ltd and China State Farm Agribusiness, and our manufacturing partner, Synlait and its major shareholder Bright Dairy. I also want to thank our a2MC team who have dedicated so much time and care to deliver this outcome.

We continue to be proud of our New Zealand origins and are delighted that in China, our largest market, our consumers highly value the A1 protein free proposition and our products' New Zealand provenance. Being the pioneer of A1 protein free helps us differentiate our products in a competitive market. It is especially pleasing that we have now achieved a top 5 position in the China IMF market with our China and English label products combined.

Our liquid milk businesses in Australia and the USA also progressed well in FY24 with innovation delivering positive results and we continue to progress our application for long-term US Food and Drug Administration approval to import IMF into the USA.

Our strategy has also been to invest in people and planet leadership and we are pleased to have made progress with this again in FY24. We continued to invest in building capability, particularly in China and in our supply chain. On sustainability, we have made progress as well with the highlight for the year being the commissioning of a high-pressure electrode boiler at MVM. We also invested in AgriZero^{NZ}, a world-first partnership between the New Zealand Government and other industry stakeholders, aimed at helping farmers reduce greenhouse gas emissions, while maintaining profitability and productivity.

We have also been focussed on ramping up innovation and transforming our supply chain. We introduced a new English label IMF product this year and expanded our commercial supply chain partnerships with New Zealand New Milk (a subsidiary of Lactalis) and with Yashili New Zealand (a subsidiary of Mengniu). We also produced IMF base powder and fortified milk powders in partnership with Mataura Valley Milk (MVM), supported by MVM's minority shareholder China Animal Husbandry Group. This in turn has also contributed to improved profitability at MVM which remains a focus.

The Company recently announced that it had resolved its arbitration disputes with Synlait and that it intended to support and participate in Synlait's equity raise. The disputes settlement is conditional on Synlait completing its equity raise and the refinancing of its banking facilities. The disputes settlement removes the uncertainty associated with arbitration and includes the cancellation of Synlait's exclusive rights to manufacture and supply Stages 1 to 3 of a2MC's current IMF products (being *a2 Platinum*® and *a2 至初*®) for sale by a2MC in the markets of China, Australia and New Zealand with effect from 1 January 2025. This will provide the Company with supply flexibility in the future.

Obtaining access to additional China label SAMR registrations is a critical part of the Company's supply chain transformation strategy and remains a top priority of the Board. As part of the Synlait disputes settlement we have secured agreement to access a potential second China label IMF registration slot to be developed with Synlait subject to SAMR approval. The Company is working on securing more registrations which is likely to require significant capital investment and we hope to provide more details over the coming year.

We continue to prioritise investment in growth opportunities focused on our supply chain transformation and will also consider other investment opportunities over time. To the extent there is a surplus capital available, the Board will make a disciplined assessment of the potential to return capital to shareholders and the most appropriate option to do so.

It was another busy year for the Board and I thank all Directors for their contribution to the Company. I also thank our Managing Director and CEO, David Bortolussi, his Executive Leadership Team, and all our team members across China, New Zealand, Australia and the USA for the way in which they live our values and execute our strategy.

It has been an honour and privilege for me to serve on the Board of The a2 Milk Company over the past five years, and I am delighted to have taken on the role as Chair of the Board. On behalf of the Board I extend our thanks to the former Chair, David Hearn, for his many years of service to the Company, until stepping down in November 2023.

I am excited about the future of our Company given the progress we have made and the opportunities we are seeking to capitalise on. Our fantastic brand continues to resonate with our consumers in our key markets. This gives me confidence in the future and our direction.

Finally, to our shareholders, thank you for your ongoing support and interest in the Company. We look forward to seeing many of you at the Annual Shareholders Meeting in November.

Pip Greenwood
Chair

18 August 2024

Image by Britta Campion/Newspix.

CEO'S YEAR IN REVIEW

DAVID BORTOLUSSI

Strong execution delivered positive FY24 result

The Company continued to execute well against its growth strategy, primarily focused on the China market, delivering positive FY24 results.

Group financial performance[1, 2, 3]

The a2 Milk Company ("the Company", "a2MC") announces its financial results for the 12 months ended 30 June 2024. Key results are as follows:

	FY24 ($m)	FY23 ($m)	Variance (%)
Revenue	1,675.5	1,592.9	5.2%
EBITDA[4]	234.3	219.3	6.9%
Net profit after tax - Attributable to owners of the Company	167.6	155.6	7.7%
Basic earnings per share (cents)	23.2	21.2	9.2%
Net cash[5]	968.9	757.2	28.0%

Revenue was up 5.2% to $1,675.5 million, driven by continued growth in the China & Other Asia segment up 14.1%, partially offset by a 14.6% decrease in the ANZ segment mainly due to a change in distribution strategy (with English label infant milk formula (IMF) sales shifting to the China & Other Asia segment). USA segment revenue increased 8.2% and MVM decreased 11.0%.

Total IMF sales grew 4.6% with China label up 9.5%. English label IMF sales were down 0.3%, growing 6.9% in 2H24 versus 2H23. Liquid milk sales grew 4.8%, with ANZ up 3.3% and USA up 7.4%. Other nutritional sales, which consist of non-IMF powdered milk products and China & Other Asia liquid milk products, grew 36.7%, and ingredients (MVM) decreased 11.0%.

Gross margin percentage[6] of 45.8% was 0.6ppts lower than FY23, primarily due to higher input costs associated with the upgraded China label product, *a2 至初®*, and the impact of MVM's coal-boiler accelerated depreciation, partially offset by margin improvement initiatives. Excluding the MVM boiler depreciation impact of $10 million, gross margin as a percentage of net sales revenue was broadly similar to prior year.

1 All references to full year (FY), halves (H) and quarters (Q) relate to the Company's financial year, ending 30 June.
2 All figures are in New Zealand Dollars (NZ$), unless otherwise stated.
3 All comparisons are with the 12 months ended 30 June 2023 (FY23), unless otherwise stated.
4 EBITDA is a non-GAAP measure and does not have a standardised meaning prescribed by GAAP. However, the Company believes that in combination with GAAP measures, it assists in providing investors with a comprehensive understanding of the underlying operational performance of the business. A reconciliation of EBITDA to net profit after tax is shown in the Company's FY24 Investor Presentation (slide 59) dated 19 August 2024.
5 Including term deposits and borrowings, excluding subordinated non-current shareholder loans.
6 Gross margin percentage is calculated as sales less cost of goods sold, divided by sales.

CEO's year in review (continued)

GROUP PERFORMANCE

$1,675m
Revenue ↑ 5.2%

$234m
EBITDA ↑ 6.9%

$168m
NPAT attributable to owners of the Company ↑ 7.7%

23.2c
Earnings per share ↑ 9.2%

$969m
Net cash

$256m
Operating cash flow

PRODUCT SEGMENT REVENUE

$1,160m
Infant nutrition ↑ 4.6%

$303m
Liquid milk ↑ 4.8%

$110m
Other nutritionals ↑ 36.7%

OPERATING SEGMENT REVENUE

$1,143m
China and Other Asia ↑ 14.1%

$317m
Australia and New Zealand ↓ 14.6%

$114m
USA ↑ 8.2%

$101m*
Mataura Valley Milk ↓ 11.0%

* Revenue excluding intercompany sales.

Distribution costs were slightly lower, with higher costs associated with China label IMF product transition offset by an improvement in USA freight rates and increased focus on customer cost to serve.

Marketing investment increased 7.6% to $280.1 million (16.7% of net sales revenue) and support the launch and transition of the upgraded GB registered China label IMF product, *a2 至初®*. Administrative and other expenses (SG&A) increased 3.3% to $236.2 million primarily due to capability and other investment, particularly in China and supply chain. This was partially offset by lower LTI expenses and reduced FX hedge losses. SG&A as a percentage of net sales revenue reduced from 14.4% in FY23 to 14.1% in FY24.

EBITDA increased 6.9% to $234.3 million, with EBITDA margin increasing to 14.0% (up 0.2ppts). Depreciation and amortisation increased to $32.2 million due to the accelerated depreciation of the MVM coal-fired boiler following the successful commissioning of a high-pressure electrode boiler. Net finance income increased to $35.9 million reflecting higher cash balances and increased market interest rates. NPAT including amounts attributable to non-controlling interests was $153.9 million, an increase of 6.2%. Amounts attributable to non-controlling interests, a loss of $13.7 million, represent China Animal Husbandry Group's 25% interest in MVM. Excluding this loss, NPAT attributable to owners of the Company was $167.6 million, up 7.7%.

The balance sheet further strengthened during the year with closing net cash of $968.9 million, up $211.7 million on prior year. Inventory of $179.6 million was down 7.1% on prior year, largely due to a reduction in English label inventory levels driven by late inventory receipts in the prior year and lower China label and English label early stage inventory due to 2H24 sales performance.

Excluding interest and tax, operating cash inflow was $294.5 million, representing operational cash conversion of 125.7%[7], up 67.5ppts on prior year. FY23 was impacted by higher payments due to catch-up payments delayed from FY22 into 1H23 due to COVID-19 related disruptions (outside of the Company's control) and the earlier timing of payments for China label IMF products impacted by the GB registration transition.

China market update[8]

The number of newborns in China declined 5.6% in CY23 to 9.0 million[9] reflecting an improvement in trajectory over the past several years with a positive outlook for CY24, but with longer term decline expected due to socio-demographic trends.

The China IMF market declined 8.6% in volume and 10.7% in value in FY24. The decline in Key&A cities exceeded BCD cities, with Key&A market value decreasing 11.9% and BCD market value decreasing 9.4%. The market decline reflected the cumulative impact of fewer newborns, increased competitive intensity and challenging macroeconomic conditions.

China label IMF market value declined 12.5% with the mother and baby stores (MBS) channel down 16.1%[10] and domestic online (DOL) channel down 12.2%[11]. Across China label channels, there was significant pricing pressure impacted by the combination of volume pressure resulting from fewer newborns, the market-wide transition to new GB registered products with clearance of old GB registered products, and challenging macroeconomic conditions.

Following several years of significant declines, the English label IMF market outperformed the overall market with value up 3.8%. A proportion of consumers switched from China label product to English label product, and the English label market recovered value share to 17.2% of the overall China IMF market, up from 15.3% in FY23. English label channel mix continued to shift – the Daigou channel experienced a further significant decline of 14.3%, while the offline-to-online (O2O) channel grew by 5.5% and cross-border e-commerce (CBEC) experienced significant growth up 11.0%[12]. a2MC's distribution strategy is focused on continuing to expand share in the growing CBEC and O2O channels which account for approximately 69% of the English label market, including emerging channels such as Douyin/TikTok.

Market dynamics and the market-wide GB registration transition have led to increasing brand concentration within the China IMF market with all top-5 brands gaining market share and now representing over 54% of market value.

In the context of challenging macroeconomic and IMF market conditions, a2MC's growth in FY24 in China label IMF of 9.5% and total IMF of 4.6% reflected a strong performance overall.

7 Operating cash conversion defined as net cash flow from operating activities before interest and tax divided by EBITDA.

8 Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities); unless otherwise stated. Kantar had a major round of data update in 2H24 which resulted in the restatement of historical data.

9 China National Bureau of Statistics.

10 Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value). FY24 versus FY23.

11 Smart Path China IMF online market tracking: for DOL only retail sales (by value). FY24 versus FY23.

12 Smart Path China IMF online market tracking: for CBEC only retail sales (by value). FY24 versus FY23.

CEO's year in review (continued)

"A major highlight for the year was the successful launch of our upgraded China label IMF product, *a2 至初®*."

Regional and product performance

1. China & Other Asia

Growth in the China & Other Asia segment was driven by continued strong execution of the Company's growth strategy and the well-executed China label IMF product launch and transition. Revenue of $1,143.1 million was up 14.1%, with EBITDA of $290.1 million up 14.2%. The combination of increased investment, high impact marketing campaigns and strong sales execution underpinned further improvements in key brand health metrics and market share during the year. This resulted in a2MC becoming a top-5 IMF brand in the overall China IMF market taking into account its combined share in both the China and English label markets. New highs in China brand health metrics were achieved with total a2MC IMF prompted brand awareness increasing from 63% to 66%, unprompted brand awareness increasing from 23% to 25%, top of mind brand awareness increasing from 9% to 12%, and trial and brand equity metrics increasing with the target audience[13].

China & Other Asia: China label IMF

China label IMF sales increased to $612.3 million, up 9.5%. The continued strong performance of China label IMF was underpinned by the careful execution and transition to the upgraded China label IMF product, *a2 至初®*. This was achieved despite the declining market and continued volatility. Consumer demand for *a2 至初®* remained strong with market value share improving both in-store and online, supported by the upgraded formulation and packaging.

To support the launch and transition of the upgraded *a2 至初®* product, marketing investment was increased with integrated campaigns across all sales channels and media including high impact advertising reinforced at point of sale. This was complemented by bespoke activities for key MBS accounts and impactful brand days with key DOL platforms.

MBS weighted distribution increased modestly as well as same store sales, driving share gains. Offline distribution increased to over 29,000 stores, with the growth largely occurring in 2H24 from increased expansion in BCD cities[14]. A significant number of store closures occurred in the market during the period reflecting challenging retail and IMF category conditions. Building share in national key accounts, increasing distribution in regional key accounts, targeting greater penetration of BCD cities, and testing new strategies for accelerated growth in prioritised provinces are key priorities.

Retail market value for the MBS channel was down 16.1%[15], reflecting the cumulative impact of fewer newborns, store closures and disruption driven by the market wide transition to new GB products and challenging macroeconomic conditions. a2MC's market value share in MBS increased to 3.5% compared with 3.3% at the end of June 2023.

Online growth for China label IMF was another highlight. While retail market value for the DOL channel was down 12.2%[16], a2MC's market value share in DOL increased to 3.9% compared with 3.3% in FY23. a2MC's share of early-stage product sales continued to increase as more users shift to online channels.

China & Other Asia: English label IMF[17]

The China & Other Asia segment continued to benefit from a2MC's strategic decision to focus on CBEC and O2O channels, investment in execution capability, and leading distributor partnerships. English label IMF sales in the China & Other Asia segment of $447.8 million were up 16.0%.

The Company is focused on CBEC growth and building digital marketing and e-commerce capability to further improve its execution which is having an impact, particularly on new user recruitment. While reported CBEC market share decreased from 22.6% to 20.5%[18], there was strong growth in retail sales of a2MC English label IMF through emerging CBEC channels such as Douyin/TikTok, which are not included in a2MC reported Smart Path market share data. Similar to DOL, a2MC's share of early-stage product sales increased significantly in CBEC.

13 a2MC internal data based on the Company's brand health tracking undertaken by Ipsos. Average brand health metrics for each financial year based on 3 surveys in FY21 and FY22, 2 surveys in FY23, and 3 surveys in FY24. Sample skews to a2MC target consumers (ie higher income earners based in Provinces / cities that are the focus of sales and marketing activities).

14 a2MC internal data tracking of stores with active sales in the past 6 months.

15 Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value). FY24 versus FY23. Nielsen had a round of panel enhancement in Jan-24 which led to the restatement of historical data.

16 Smart Path China IMF online market tracking: for DOL only retail sales (by value). FY24 versus FY23.

17 English label IMF includes sales via CBEC, Korea, Vietnam and Hong Kong Resellers.

18 Smart Path China IMF online market tracking: for CBEC only retail sales (by value). FY24 versus FY23.

Another key focus for English label distribution has been the development of the O2O channel. a2MC has further improved its distribution footprint and share in O2O key accounts, 'long-tail' O2O and 'POP' accounts, continuing its partnership with Yuou, one of the leading O2O distributors in China.

The distribution model was further refined in FY24 including the increased utilisation of drop-shipping fulfilment models via Tier-1 distributors to service O2O stores and C2C networks. Trade inventory positions were reduced and service and fulfilment time for consumers was improved. In addition, shipments of *a2 Platinum*® IMF to Vietnam commenced in 2H24.

Overall, the Company's total English label market share in China increased to 20.2%[19].

China & Other Asia: Other nutritional products

Sales of other nutritional products in the China & Other Asia segment were up 46.4% to $82.9 million, benefitting from new products launched in FY23 and FY24, a new organisational structure put in place to focus on this important opportunity and improved execution. The strong performance in these categories, particularly in milk powder and UHT, was also supported by increased marketing investment through brand building campaigns, leveraging both the *a2™* brand's online and offline execution success.

2. Australia and New Zealand

The Australia and New Zealand (ANZ) segment result was driven by lower IMF sales to the Daigou channel due to a change in a2MC's EL IMF distribution strategy and a relatively strong prior corresponding period associated with the *a2 Platinum*® refresh. Overall, ANZ revenue of $317.3 million was down 14.6%, and EBITDA of $63.0 million was down 32.6%.

Australia and New Zealand: English label IMF and other nutritionals products

The Daigou channel market value was down 14.3% in FY24[20]. Whilst IMF reseller and retail sales decreased 39.4% to $98.5 million versus FY23, both sales and channel declines have stabilised more recently during the year. While English label IMF focus remains on the CBEC and O2O channels, support for the Daigou channel continued through consumer marketing campaigns and further enhanced reseller trade support programmes.

O2O and Daigou channel combined market value was down 10.0% with growth in the O2O channel partially offsetting Daigou channel decline. a2MC's market share in the O2O and Daigou channel slightly decreased to 19.7% in FY24 versus 20.3% in FY23[21].

19 Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities). 12-month rolling share for FY24.
20 Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities). 12-month rolling share for FY24.
21 Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities). 12-month rolling share. FY24 versus FY23.

CEO's year in review (continued)

"In FY24, the Company continued to drive *a2 Milk®* *Lactose Free* penetration in Australia and improved USA profitability significantly."

To broaden its English label IMF portfolio, the Company progressed the development of English label IMF products with a new commercial IMF supply partner (Yashili NZ, a subsidiary of Mengniu). *a2 Gentle Gold™*, which is positioned below *a2 Platinum®*, was launched late in 2H24 in Australian retail channels and selected channels in China. a2MC is expecting to launch an additional English label product to be positioned above *a2 Platinum®* in FY25.

Revenue for other nutritional products was up 13.5% to $26.8 million with the portfolio continuing to grow during the year, with the launch of two new fortified products (*a2™* Immune and *a2™* Move) during the second half.

Australia and New Zealand: Liquid milk

Australian liquid milk sales were up 3.3% to $190.2 million led by the contribution from *a2 Milk® Lactose Free*, partly offset by lower sales from the core milk range. This reflects a challenging consumer environment impacted by cost-of-living pressures, with a market shift from branded milk products to private label in the category overall which stabilised during 4Q24. Despite the challenging market conditions, a2MC's market value share of 11.5% grew 0.2ppts versus 1H24, supported by *a2 Milk® Lactose Free* which grew to 13.5% share[22] of the lactose free category. *a2 Milk®* (including *a2 Milk® Lactose Free*) is now the number one dairy milk brand nationally[23]. Growth in FY24 was supported by dedicated marketing activations to drive awareness and purchase.

An upgrade of the Smeaton Grange facility was completed and the upgrade of the Kyabram milk processing facility with Kyvalley Dairy Group is on track for completion during FY25.

3. USA

USA grew revenue by 8.2% to $113.7 million and significantly improved its landed margin (gross margin less distribution costs) resulting in an improved EBITDA loss of $15.5 million (FY23: $23.3 million loss).

The revenue increase was mainly driven by a reduction in promotional activity and supported by growth of the *a2 Milk®* Grassfed product. a2MC's market value share in the premium milk category for the Grocery channel was slightly down at 2.2% (FY23: 2.3%)[24].

a2MC commenced distribution of *a2 Platinum®* IMF during FY24 under the US Food and Drug Administration's (FDA) short-term Enforcement Discretion approval with selected retailers in-store and online including Amazon and Walmart. Sales recognised during the year were not material, with a focus on establishing the supply chain and trialing different sales and marketing approaches, whilst pursuing long-term FDA approval. a2MC's New Infant Formula Notification is on track to be filed during 1Q25, with long-term approval targeted to be achieved during FY26, subject to FDA approval.

The improved EBITDA loss was due to reduced promotional activity, improved input costs and distribution rates and reduced SG&A costs, partly offset by higher costs incurred with respect to pursuing long-term FDA approval.

Accelerating the path to profitability in the USA remains a priority. Whilst USA losses have significantly reduced, given the likely investment related to USA IMF, the timeframe to achieve profitability is now more likely to be by FY27, with the USA liquid milk business expected to achieve breakeven contribution margin in FY26.

22 IRI Australian Grocery Weighted Scan, share of Dairy Milk market, MAT period.
23 IRI Australian Grocery Weighted Scan, dollar share, MAT to June 2024.
24 SPINS data for the Grocery channel only for the 52 weeks ending 30 June 2024 and 30 June 2023.

4. Mataura Valley Milk

During FY24, the Company continued to execute against its supply chain transformation strategy, including developing nutritional manufacturing capability, increasing access to raw A1 protein free milk in Southland (including organic) and commencing the production and sale of *a2 Platinum® Stage 4* IMF base powder with a new commercial supply chain partner (New Zealand New Milk, a subsidiary of Lactalis).

Revenue of $101.4 million[25] and an EBITDA loss of $20.5 million were recorded for the period. The improved EBITDA loss position (FY23: $26.5 million) reflects an improved sales mix, with increased volume of higher-value products (including nutritional base powder), plus a continued cost and productivity focus across the site. The improved loss profile in 2H24 largely reflects higher nutritional and A1 protein free powder sales, plus the normal impact of the seasonal winter shutdown during the first half.

Accelerating MVM's path to profitability is also a key priority. Growth in A1 protein free milk supply, nutritional product mix and facility utilisation are key drivers of profitability. Whilst management is working on a range of initiatives to achieve breakeven by FY26, at this stage it is more likely that profitability will be achieved by FY27.

Innovation and supply chain transformation

The Company advanced several initiatives to ramp-up innovation and transform its supply chain during the year. Significant innovation milestones included the Company's upgraded GB registered China label IMF product, *a2 至初®*, as well as the launch of a new English label IMF product, *a2 Gentle Gold™*, into Australian retail channels and selected China channels, organic milk powder in a tub and new fortified milk powder products in 2H24 targeting adults and the growing seniors market. Alongside product innovation, the Company continued to invest in innovation and product development capability to unlock future opportunities.

The Company progressed its supply chain transformation strategy during FY24 through new commercial supply chain partnerships with New Zealand New Milk (subsidiary of Lactalis) and Yashili NZ (subsidiary of Mengniu), and produced new A1 protein free products in partnership with MVM, including nutritional base powders.

As announced on 16 August 2024, the Company resolved the various disputes subject to arbitration with Synlait Milk Limited (Synlait) subject to Synlait completing its equity raise and the refinancing of its existing banking facilities. The Company also agreed to support and subscribe for shares under Synlait's equity raise on terms to be agreed, to be set out in Synlait's forthcoming notice of meeting. The resolution of the disputes will remove any arbitration uncertainty and the cancellation of Synlait's manufacturing and supply exclusivity rights[26] from 1 January 2025 will provide additional flexibility to a2MC to further enable its supply chain transformation strategy. The Company also expects to gain access to a potential additional China label registration slot at Synlait's Dunsandel facility to be developed by December 2029 subject to SAMR approval.

The Company is working on options to accelerate access to additional controlled China label IMF registrations to achieve greater China market access and to develop its own manufacturing capability consistent with its growth strategy.

Capital management

The Board is conscious of the significant amount of net cash held on the balance sheet at year end. Consistent with the Company's capital allocation framework, priority is being given to transforming and de-risking a2MC's supply chain to enable future growth focused on investment in New Zealand and China. Once the Company's supply chain transformation is further developed and other investment opportunities are considered, to the extent there is a capital surplus to achieving a2MC's priorities, the Board will make a disciplined assessment of the potential to return capital to shareholders and the most appropriate option to do so.

25 Revenue excluding intercompany sales.

26 In respect of Stages 1-3 of a2MC's current IMF products (being *a2 Platinum®* and *a2 至初®*) for sale by a2MC in the markets of China, Australia and New Zealand.

Sustainability

Significant progress was made in executing against the Company's sustainability goals with 100% of certified farms supplying raw A1 protein free milk to have an upgraded animal welfare programme and a farm environmental plan in place. The Company continued to invest in its *a2™ Farm Sustainability Fund* in New Zealand and Australia with high participation by farmer suppliers. Regarding sustainable packaging, the Company continued to collaborate with industry groups and progressed against its roadmap. However, more work is required to meet packaging targets which will be a focus in FY25.

From a climate perspective, the Company significantly reduced its Scope 1 and 2 GHG emissions by 45%[27]. This achievement was heavily supported by the successful commissioning of a high-pressure electrode boiler at MVM, along with the full electrification of the MVM site, powered by certified renewable energy[28]. The Company also made good progress against its target of net zero Scope 3 GHG emissions by 2040 by completing a methane inhibitor feasibility study in Australia and investing in AgriZero[NZ], a partnership between the New Zealand Government and major agribusiness companies to reduce on-farm biogenic methane and nitrous oxide emissions.

Medium-term ambition

In October 2021, as part of its refreshed growth strategy, a2MC defined its medium-term financial ambition (ie by FY26 or later) to grow revenue from $1.2 billion in FY21 to approximately $2 billion and to target EBITDA margins in the 'teens'.

The Company's execution of its growth strategy has been in line with its expectations, and it is well positioned to achieve future growth, despite the China IMF market having contracted significantly more than expected at the time it set its ambition.

The Company announced on 19 February 2024 as part of its FY24 Interim Results that whilst it remains possible for the Company to achieve its medium-term revenue ambition of approximately $2 billion by FY26 or later, at this stage it is likely to be achieved by FY27 or later. The Company continues to target EBITDA margins in the 'teens' with year-on-year improvement.

Since announcing its refreshed growth strategy in 2021, a2MC has gained significant share in the China IMF market and achieved strong growth in Group revenue and EBITDA of 38.8% and 89.9% respectively[29]. a2MC has grown its China label IMF sales by 57.1%[30] and stabilised its English label IMF sales, which were up 4.4%[31]. The Company has increased its share of the total China IMF market from 4.9% to 7.3%, becoming one of the most successful brands in China and in the top-5 overall[32].

a2MC has significantly transformed its IMF channel mix, continuing to focus on CBEC and O2O channels and away from the Daigou channel. As a result, the China label, CBEC and O2O channels represented approximately 90% of the Company's IMF sales in FY24 compared to approximately 60% in FY21. The Company has also grown sales in the other nutritional products category by 86.1%[33] and its combined liquid milk business in ANZ and USA by 30.3%[34].

Delivery of a2MC's medium-term financial and non-financial ambition remains underpinned by the successful execution of its strategy which is comprised of five key strategic priorities:

1. Investing in people and planet leadership – particularly in relation to its capability and sustainability objectives
2. Capturing the full potential in China IMF – including expansion into lower tier cities and online channels
3. Ramping-up product innovation – including portfolio expansion in English label IMF, China label IMF and other nutritionals for kids, adults and seniors, as well as leveraging the portfolio into new markets
4. Transforming its supply chain – particularly accessing additional China label IMF registrations and developing its nutritional manufacturing capability through MVM and other commercial and acquisition opportunities primarily in New Zealand and China over time
5. Accelerating the path to profitability for the USA and MVM businesses.

27 Using market based calculation for Scope 2.

28 MVM purchases Meridian's Certified Renewable Energy production values product to enable it to exclusively match the amount of electricity it uses on an annual basis with an equivalent amount of electricity put into the national grid from one of Meridian's hydro stations or wind farms (which have been independently verified as producing 100% renewable electricity). Actual electricity received on location is from mixed renewable and fossil fuel sources, due to the nature of the electricity transmission and distribution system.

29 a2MC Group sales and EBITDA FY21 versus FY24.

30 a2MC sales of China label FY21 versus FY24.

31 a2MC sales of English label FY21 versus FY24.

32 Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities). China and English labels combined. MAT to June 2021 versus MAT to June 2024.

33 a2MC sales of other nutritionals FY21 versus FY24. Other nutritionals consists of non-IMF powdered milk products and China & Other Asia liquid milk.

34 a2MC sales of liquid milk in ANZ and USA FY21 versus FY24.

"Since announcing its refreshed growth strategy in 2021, the Company has gained significant share in the China IMF market from 4.9% to 7.3%, and achieved strong growth in Group revenue and EBITDA of 39% and 90% respectively."

FY25 Outlook

China IMF market conditions remain challenging and the Company expects a further market value decline in FY25.

At this stage, the Company is expecting mid single-digit revenue growth in FY25 versus FY24, with growth affected by IMF supply constraints which are expected to be resolved in 1H25.

FY25 gross margin (% of sales) is expected to be broadly similar to FY24, with 1H25 down (impacted by airfreight) and 2H25 up compared to prior year.

An increase in brand investment is planned for FY25 with a similar reinvestment rate (% of sales), and Administrative & Other expenses are expected to be similar to down compared to FY24 (% of sales).

The Company expects EBITDA margin (% of revenue) to be broadly similar to FY24, with 1H25 down and 2H25 up compared with prior year.

Operational cash conversion is expected to be less than 100% impacted by the settlement of Synlait FY24 payments withheld in accordance with contractual arrangements and a reduction in purchase order deposit payment terms going forward.

Capital expenditure is expected to be approximately $20 million.

Key risks

In addition to the challenges noted above and trading upsides and downsides, other risks include, but are not limited to, challenging macroeconomic conditions, China IMF category dynamics and competitive intensity, further supply related risks, cross border trade, foreign exchange movements, changes in interest rates, farmgate milk pricing and other commodity prices, and changes in the regulatory environment. These challenges and risks could materially impact expected revenue and earnings outcomes. For more information on key risks refer to the Risks and Opportunities section of the Annual Report.

David Bortolussi
Managing Director and Chief Executive Officer

18 August 2024

Building a sustainable growth business

WHO WE ARE

The a2 Milk Company is a dairy nutritionals company, fuelled by its purpose to pioneer the future of Dairy for good.

The Company was founded in 2000 in New Zealand by scientist Dr Corran (Corrie) McLachlan and his business partner, Howard Paterson, who recognised that not all milk is the same. Dr Corrie McLachlan joined Sir Robert (Bob) Elliot – who had earlier discovered that proteins in milk affect people differently – to pioneer research to understand these differences better.

Originally all cows' milk contained only A2 beta-casein protein. The A1 protein arose through a genetic mutation over many years. Today, most ordinary milk contains a mixture of A1 and A2-type beta-casein proteins. Results of several published peer-reviewed human clinical trials have shown that A1 protein can cause digestion issues for some people. A scientific and proprietary way to identify cows that naturally produce A1 protein free milk was also discovered.

Today, a2MC continues to pioneer this science and research, bringing A1 protein free milk to the world, allowing more consumers to enjoy its unique digestive and other potential health benefits.

The Company produces a portfolio of products made with milk from specially selected cows that naturally produce milk containing only A2-type beta-casein protein and no A1.

These products include fresh milk, ultra-heat treatment (UHT) milk, extended shelf life (ESL) milk, infant milk formula (IMF), plain milk powders (including instant whole and skim milk powder), fortified milk powders providing nutrition for infants, children, adults, pregnant women and seniors and other dairy nutritional products primarily for the China, Australia, New Zealand and North America markets.

The Company's primary business activities are:

- **China and Other Asia:** Sales of China label and English label IMF, liquid milk and other nutritional products in offline stores and domestic and cross-border e-commerce channels.
- **ANZ:** Sales of English label IMF, plain and fortified milk powders for children, adults and pregnant women through reseller and retail channels, and sales of liquid milk across Australian and New Zealand retail channels. It is understood that the majority of IMF and Milk Powder sales to customers in ANZ are ultimately consumed in China.
- **North America:** Sales of liquid milk, IMF and other nutritional products in the United States of America and liquid milk in Canada.
- **Mataura Valley Milk:** Production of nutritional and ingredients products for a2MC and other external customers in overseas markets.

WHAT MAKES US UNIQUE

The a2 Milk Company's purpose is to pioneer the future of Dairy for good with a vision to create an A1-free world where Dairy nourishes all people and our planet.

OUR VALUES

BOLD PASSION

We believe in the power of the *a2™* proposition.

We are pioneers and always find a way to make it happen.

We are passionate about our consumers and customers.

OWNERSHIP AND AGILITY

We align on outcomes and prioritise initiatives.

We are effective in teams and do what we say we will do.

We are flexible and act with a sense of urgency.

LEADING CONSTRUCTIVELY

We are proud of what we do and how we do it.

We encourage and develop ourselves and others.

We are honest, direct and respectful in our interactions.

DISRUPTIVE THINKING

We think big, creatively and logically to maximise impact.

We are better together and unlock the power of the collective.

We challenge existing ways of working to achieve better solutions.

WHAT WE DO

China and Other Asia

Revenue	$1,143m
EBITDA	$290m
Estimated market size	NZD$29 billion China IMF market[1,2] NZD$1 billion Vietnam IMF market[3,4]
Supply chain	– China State Farm importation agent and master distributor – Over 100 distributors
Our people	144 (headcount)

Product portfolio

Strategic and distribution partners

CNADC

CSFA 中国农垦

YUHAN CARE

YUOU

Australia and New Zealand

Revenue	$419m
EBITDA	$43m
Estimated market size	NZD$2.3 billion Dairy Milk market[5,6] NZD$0.4 billion Australia IMF market[5,7]
Supply chain	Australia (Liquid Milk) – Smeaton Grange (a2MC) – Kyabram (a2MC) – Four third-party processing relationships – 21 farmer suppliers New Zealand (Nutritionals) – 75% interest in Mataura Valley Milk – 19.8% interest in Synlait Milk – 198 farmer suppliers
Our people	320 (headcount)

Product portfolio

Strategic and supply chain partners

中牧 CAHG

Synlait

Fonterra Dairy for life

Licensee fresh milk New Zealand

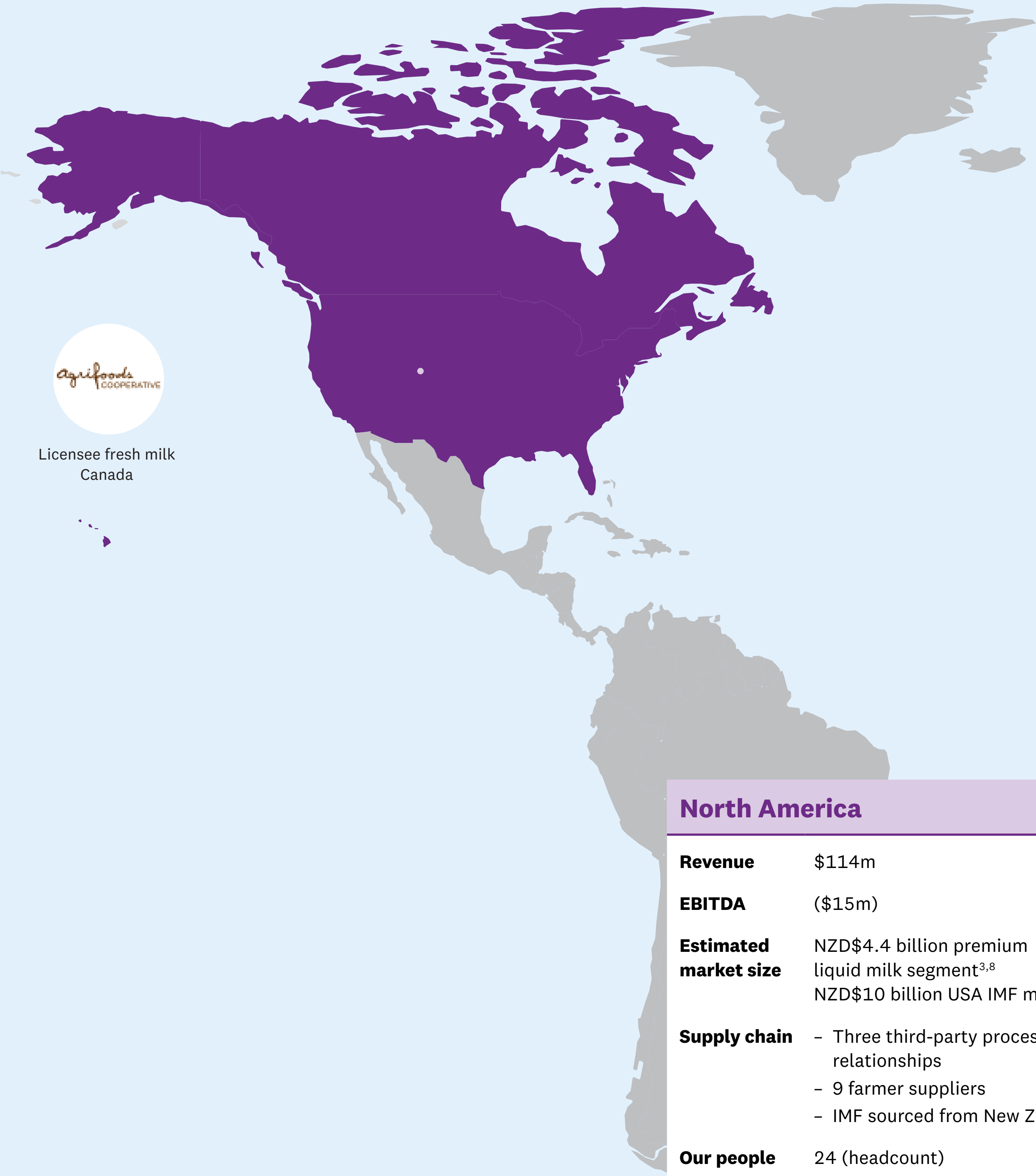
NewMilk

Subsidiary of Lactalis

Yashili

Subsidiary of Mengniu

AgriZero NZ



North America

Revenue	$114m
EBITDA	($15m)
Estimated market size	NZD$4.4 billion premium liquid milk segment[3,8] NZD$10 billion USA IMF market[9]
Supply chain	– Three third-party processing relationships – 9 farmer suppliers – IMF sourced from New Zealand
Our people	24 (headcount)

Product portfolio

1 Assumes RMB to NZD exchange rate of 4.4:1.
2 Source: FY24 Market size based on a2MC internal estimation approach, which may be adjusted year-to-year, and which may result in market size not being directly comparable across periods.
3 Assumes USD to NZD exchange rate of 1:1.69.
4 Source: Globaldata.
5 Assumes AUD to NZD exchange rate of 1:1.11.
6 Source: Circana IRI Australia Grocery Weighted.
7 Source: Circana IRI including Grocery and Pharmacy.
8 Source: USA Food FY24 retail milk sales in the Premium Segment.
9 Source: SPINS data for IMF sales.

HOW WE CREATE VALUE

Our growth strategy
Page 20

Our people

Through a purpose driven culture underpinned by our values, we aim to create an environment that provides our people with opportunities to thrive. Our success is the result of our diverse, skilled and engaged team, aligned and focused to deliver on our purpose and strategy. We are committed to the wellbeing and safety of our people and are continuing to develop systems and processes to identify, control, report, investigate and monitor health and safety risks and actions across the business.

Our brand

Our trusted brand, our proprietary know-how and our A2-type protein expertise are our most valuable assets. We are committed to maintaining and growing these assets with appropriate investment. Through ongoing science and research programmes, we are deepening our expertise and advancing global understanding of the potential health benefits of *a2 Milk*™.

Our environment

Access to natural resources and a thriving agricultural sector that supports healthy ecosystems is fundamental to our business. We recognise that climate change and pressures on agricultural and food systems present a systemic challenge for our world – and we are committed to finding unique and high impact solutions across our value chain to help address these challenges. Appropriately meeting this challenge will enable us to continue providing premium *a2 Milk*™ based products to our consumers and long-term value to our shareholders.

Our supply chain

Complementing our own fresh milk and nutritionals production capability, we work closely with our suppliers and farming community to maintain a reliable and responsible sourcing and manufacturing supply chain. We believe this is critical to our long-term success.

Our communities

We support communities in our key regions of New Zealand, Australia, China and the USA, with a focus on proactive wellness to nourish the lives of children and families and helping them to thrive.

Our finances

We carefully balance investment in our supply chain and distribution through both strategic partnerships and direct ownership. Combined with the growth of our premium products, this approach has enabled us to build a strong and robust balance sheet, which, guided by our capital management framework, provides financial capital for us to deploy in the pursuit of our strategic objectives.

Purpose

We pioneer the future of Dairy for good

Vision

An A1-free world where Dairy nourishes all people and our planet

Risks and opportunities

Page 54

The supply of nutritional food products
Page 55

Competitive intensity
Page 56

Doing business in international markets
Page 57

Major international events
Page 58

Climate and nature
Page 59

Strategic partnerships
Page 60

Evolving technology and cyber security
Page 61

Talent and culture
Page 62

Social licence to operate
Page 63

Strategic priorities

- *Invest in people and planet leadership*
- *Capture full potential in China IMF*
- *Ramp-up product innovation*
- *Transform our supply chain*
- *Accelerate path to profitability in USA and MVM*

Values

- *Bold passion*
- *Ownership and agility*
- *Leading constructively*
- *Disruptive thinking*

People

Create a safe, diverse, inclusive and engaging place for our people to thrive, support our farmers and contribute to our communities.

Page 24

Planet

Protect our planet and cows, rethink packaging, achieve net zero and become nature positive.

Page 34

Consumers

Bring the unique benefits of pure and natural *a2 Milk™* to as many consumers as possible.

Page 44

Shareholders

Create long-term, enduring value for shareholders and maintain a trusted, transparent relationship.

Page 50

OUR GROWTH STRATEGY

The a2 Milk Company's strategic priorities and goals remain largely unchanged since it undertook a holistic review of its market, brand, product and distribution opportunities, which was communicated to the market in October 2021.

The Company has clear goals in four stakeholder groups, People, Planet, Consumers and Shareholders, to ensure that in addition to achieving its commercial ambitions, it is also actively working to deliver its sustainability priorities and is executing in a way that further develops a trusted and transparent relationship with its stakeholders.

The Company's growth strategy centres on five key priorities:

- **Invest in people and planet leadership:** Critical to the Company achieving its commercial objectives is ensuring it has thriving, high performing teams to execute its strategy. The Company has continued to invest in people leadership, including through its constructive leadership programmes. In addition to its people, the Company has elevated investment in planet leadership to sit amongst its top strategic priorities, focusing on taking direct action and with an ambition to lead the industry, particularly in GHG emissions reduction, farming practices and sustainable packaging. The Company is also focused on supporting healthy ecosystems through initiatives that contribute to nature positive outcomes.
- **Capture full potential in China IMF:** Growing share in the China IMF market remains the Company's most significant commercial opportunity. The Company is particularly focused on share gain in key accounts, lower tier cities and online channels. Critical to increasing share will be ongoing brand investment, which the Company leverages across its English label and China label IMF product portfolios.
- **Ramp-up product innovation:** While the Company has historically been focused on a narrow product range, to continue to drive growth in IMF and beyond, it will be important to expand its portfolio in both China label and English label IMF, as well as leveraging its brand strength to develop into other product categories for kids, adults and seniors. Opportunity also exists for the Company in leveraging existing products into new markets.
- **Transform the supply chain:** Connected to its IMF and innovation ambitions, the Company is working to transform its supply chain. This includes a focus on obtaining additional China label IMF registrations, developing nutritional manufacturing capability, leveraging capacity at Mataura Valley Milk Limited (MVM), as well as pursuing other investment opportunities and commercial partnerships. Over time, the Company will also seek to develop its domestic supply chain capability in China.
- **Accelerate path to profitability:** To maximise investment in China and to improve Group return on sales, the Company needs to ensure it accelerates the path to profitability for both the USA and MVM. The Company is targeting achieving this by FY27.

Purpose	**We pioneer the future of Dairy for good**			
Vision	**An A1-free world where Dairy nourishes all people and our planet**			
Goals	**PEOPLE** Create a safe, diverse, inclusive and engaging place for our people to thrive, support our farmers and contribute to our communities	**PLANET** Protect our planet and cows, rethink packaging, achieve net zero and become nature positive	**CONSUMERS** Bring the unique benefits of pure and natural *a2 Milk™* to as many consumers as possible	**SHAREHOLDERS** Create long-term, enduring value for shareholders and maintain a trusted, transparent relationship

	1	2	3	4	5
Strategic priorities	**Invest in people and planet leadership** – Invest in our people to enable them to thrive – Take direct action to lead the industry in GHG emissions reduction, farming practices and sustainable packaging	**Capture full potential in China IMF** – Increase share in key accounts, expand in lower tier cities and further accelerate online growth – Invest in brand strength and leverage across two labels and wider portfolio	**Ramp-up product innovation** – Expand EL and CL IMF product portfolios – Develop other nutritionals for kids, adults and seniors – Leverage IMF and other products into new markets – Innovate in liquid milk	**Transform our supply chain** – Expand CL market access through MVM and other investment opportunities, primarily in NZ and China over time – Develop supply capability to enable innovation	**Accelerate path to profitability** – Improve USA liquid milk losses and invest in development of IMF opportunity – Increase MVM A1-free milk pool, nutritional capability, utilisation and efficiency

Enablers	**Quality & service**	**Brand strength**	**Science & innovation**	**Strategic relationships**
Values	**B** **Bold passion**	**O** **Ownership & agility**	**L** **Leading constructively**	**D** **Disruptive thinking**

Financial measures of success

In October 2021, as part of its refreshed growth strategy, a2MC defined its medium-term financial ambition (i.e. by FY26 or later) to grow revenue from $1.2 billion in FY21 to ~$2 billion and to target EBITDA margins in the 'teens'. Since FY21, the Company's execution of its growth strategy has been in line with its expectations, and it is well positioned to achieve future growth, despite the China IMF market having contracted significantly more than expected at the time it set its ambition.

The Company announced on 19 February 2024 as part of its FY24 Interim Results that whilst it remains possible for the Company to achieve its medium-term revenue ambition of ~$2 billion by FY26, at this stage it is likely to be achieved by FY27 or later. The Company continues to target EBITDA margins in the 'teens' with year-on-year improvement.

Since announcing its refreshed growth strategy in 2021, a2MC has gained significant share in the China IMF market and achieved strong growth in Group revenue and EBITDA from FY21 to FY24 of 38.8% and 89.9% respectively. a2MC has grown its China label IMF sales 57.1% during this period and stabilised its English label IMF sales, which were up 4.4%. The Company has increased its share of the total China IMF market from 4.7% in FY21 to 7.3% in FY24, becoming one of the most successful brands in China and in the top-5 overall.

The key drivers for further sales growth are:

- Increasing share of CL and EL IMF through portfolio expansion and targeting growth in lower tier cities and online channels
- Growing other dairy and nutritional products in China through innovation and distribution growth
- Growing in existing and new emerging markets outside of China (e.g. South East Asia)
- Expanding in milk and adjacent categories in ANZ and the USA

The Company's ambition is to improve EBITDA margins over time and is targeting EBITDA margins in the 'teens' in the medium-term. This will depend on a range of factors, including China IMF market conditions and channel dynamics, mix of business (IMF channel mix and overall product mix), investment levels in brand and capability, timing and investment required to deliver the Company's priorities around its supply chain transformation, and achieving profitability in the USA and at MVM.

There are also key macro uncertainties that may impact the future outlook, including:

- How the China birth rate evolves and the impact policy changes may have on this
- How the competitive landscape will evolve in China, including following the market-wide transition to the new GB standard that was mostly completed in FY24
- The extent and pace of change in consumer product and channel preferences
- How the China regulatory framework and international relations may evolve and impact trade
- Inflationary pressures impacting operating costs and introducing cost-of-living pressures for consumers globally

Because of these uncertainties, it is difficult to define future state targets and when they will be achieved – the path is also unlikely to be linear. Accordingly, future results may be materially different to the Company's ambition.

Non-financial measures of success

The Company is also focused on several medium-term non-financial measures of success, as summarised in the table on the following page.

People: The Company is committed to promoting a safe, diverse, inclusive and engaging environment for its people. The Company's ambition is to be an employer of choice in the industry by creating a fulfilling employee engagement experience that enables employees to thrive personally and professionally. To facilitate this ambition, the Company is targeting below 7 for its safety total recordable injury frequency rate (TRIFR) with continuous improvement, improving its employee engagement score to above 80%, maintaining its diversity and inclusion rating and reducing the Company's gender pay gap by at least 2ppts per annum.

Planet: The Company is committed to minimising its impact on the planet and becoming a more sustainable business across a broad range of areas. For on-farm and other impact areas, this includes maintaining 100% of certified farms supplying raw A1 protein free milk having certified farm environmental plans and upgraded animal welfare programmes.

On emissions, the Company seeks to make meaningful progress each year towards its target of net zero emissions for Scope 1 and 2 by 2030 and for Scope 3 by 2040, and a reduction in Scope 3 emissions of 30% (per kilogram of milks solids) by 2030, from a FY21 base year. The Company also seeks to make meaningful progress each year against its target of 100% reusable, recyclable or compostable packaging with 50% average recycled content.

Consumers: The Company has also set brand health, market share, innovation and supply chain targets to deliver on its Consumer goals.

For brand health, the Company is targeting greater than 25% for unprompted awareness in China, household penetration of 16% in Australian fresh milk, and household penetration above 3% in the USA in the premium milk segment.

For market share, the Company is working to become a top five China label IMF player with greater than 5% market share and to have the leading English label IMF range with market share for that range of greater than 25%. For its liquid milk business, the Company is targeting greater than 15% market share in Australia and greater than 3% in the premium milk segment in the USA.

For innovation, the Company is looking to drive $200 million in incremental revenue from dairy and other nutritionals in China while also driving 15% of sales from new products in Australia and the USA.

For supply chain, importantly, the Company is also looking to secure three or more China label IMF registrations. The Company targets to maintain the highest food safety and quality standards, improve supplier and customer service levels, tightly manage inventory levels and constantly improve supply chain efficiency.

Medium-term measures of success

● On track ▲ Work in progress

GOALS						
PEOPLE Page 24	PLANET Page 34	CONSUMERS Page 44				SHAREHOLDERS Page 50
		Brand Health Page 45	Market Share Page 45	Innovation Page 45	Supply Chain Page 45	
1	2	3	4	5	6	7
● Safety ▲ Engagement ● Diversity and inclusion ▲ Gender pay gap	● GHG emissions reduction ● Farm environmental plans ● Animal welfare programmes ▲ Sustainable packaging	● China brand health ● AU household penetration ▲ USA household penetration	● MBS share ● DOL share ▲ CBEC share ▲ O2O + Daigou share ● Australian fresh milk share ▲ USA premium milk share	● China other nutritionals growth ▲ Emerging markets development ▲ USA sales from new products ● ANZ sales from new products	▲ Access to ≥3 CL registrations ● CL inventory management ● EL inventory management ▲ Quality and service ● Supply chain efficiency	● Sales ambition of ~$2.0b (≥FY27) ● EBITDA margin ambition in the 'teens' targeting year-on-year improvement ▲ USA profitability by FY27 ● MVM profitability by FY27

OUR REPORTING APPROACH

The Company aims to enhance its reporting, providing stakeholders with a more comprehensive view of its ongoing efforts to create and preserve long-term value.

At its core, the integrated reporting concept refers to a principles-based, multi-capital framework in which companies can communicate clearly and concisely about how their strategy, governance, performance, and prospects create value in the context of their external environments.

One of the Company's goals is to ensure that it creates long-term, enduring value for shareholders through a trusted, transparent relationship. A move towards integrated reporting is one of the ways the Company is seeking to achieve this.

The Company acknowledges recent developments in this space, particularly its alignment with New Zealand Climate Standards (NZ CS 1, NZ CS 2, and NZ CS 3).

These standards were published by the Aotearoa New Zealand Climate Standards External Reporting Board (XRB) in December 2022. This report has also been prepared with reference to the International Sustainability Standards Board (ISSB) and considers the principles of integrated reporting.

During FY24 the Company continued to assess materiality, informing the Company on which topics to prioritise and report against, whilst building on its strategic priorities and aligning with the needs and expectations of its stakeholders. The assessment included peer benchmarking and alignment to the United Nation's Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

The Company also acknowledges the increasing expectation of internal and external stakeholders to ensure non-financial metrics disclosed externally are done so with a similar level of rigour to financial reporting. Over the past several years the Company has taken steps to improve the robustness of its internal processes to capture and report non-financial data to be included in external materials. For FY24, the Company has received reasonable assurance for Scope 1 and 2 emissions and limited assurance for many of the key non-financial metrics included in this report.

For further information, please see the ESG assurance report on page 85 from Ernst & Young. The Company will endeavour to continue assessing stakeholder requirements and expectations along with the reporting requirements in all jurisdictions in which it operates.

Progress towards our goals – People

PEOPLE

Create a safe, diverse, inclusive and engaging place for our people to thrive, support our farmers and contribute to our communities.

SUSTAINABLE DEVELOPMENT GOALS

SDG 5: Gender equality
Target 5.5

SDG 8: Decent work and economic growth
Target 8.2

MEDIUM-TERM PEOPLE TARGETS

SAFETY
<7 TRIFR
with continuous improvement
FY24: 6.2
FY23: 6.1

ENGAGEMENT
>80%
Company-wide engagement survey
March 2024: 72%
October 2023: 69%

DIVERSITY AND INCLUSION
Rated >4
out of 5 Diversity and inclusion question in engagement survey
FY24: Above 4 out of 5
FY23: Above 4 out of 5

GENDER PAY GAP
At least 2ppts
reduction per annum in global gender pay gap
FY24: Decrease by 4ppts to 32.7%

PEOPLE SECTION

Passionate and thriving team

The Company is committed to upholding a safe, highly diverse and inclusive environment for its people. The Company's ambition is to be an employer of choice in the industry by creating a fulfilling employee engagement experience that enables employees to thrive personally and professionally.

To facilitate this ambition, the Company focuses on health and safety, invests in leadership, promotes the employee experience, fosters a learning environment, and celebrates diversity and inclusion.

During FY24, the Company launched various initiatives to deliver on its ambition and to achieve engaged and effective teams who create long-term value for the Company and its shareholders.

FY24 PROGRESS

Health, safety and wellbeing

- Continued to focus on managing critical risks and promoting a safety culture through leadership and education across all sites, including the use of external resources where appropriate.
- Reported a Total Recordable Injury Frequency Rate (TRIFR) of 6.2, (compared to 6.1 at the same time last year). This included team members from all of the Company's sites (including contractors).
- Provided mandatory workplace behaviour training.
- Continued to provide Employee Assistance Programme resources to team members across all geographies.
- Further developed health and safety reporting.
- Continued to offer a Global Wellbeing Day.
- Launched Mental Health Awareness Training for people leaders.
- Expanded the Company's Headspace subscription benefit to include company-paid membership for family and household members.

Progress towards our goals – People (continued)

Investment in leadership

- Delivered rewards training to all senior leaders globally to enhance pay transparency across each of our regions.
- Embedded the Lifestyles Inventory (LSI) tool to provide a common leadership language and support the development of leadership capability and effectiveness.
- Continued to roll-out the 'Thrive' constructive leadership programme to senior leaders, to support the development of leadership effectiveness and constructive ways of working.
- Delivered 'Situational Leadership' training for leaders at all levels to provide an integrated and practical approach to effective leadership styles.
- Launched a2 Sales Business School in China.
- Hosted all senior leaders in New Zealand at the annual Senior Leader's Conference to align on strategic priorities and execution plans for FY25 and share learning, opportunities and achievements.

Reward, recognition and training

- Partnered with a global consulting firm to undergo an independent job evaluation process for all roles globally.
- Launched a new global system-based performance review process, with enhanced leader and team member support for each step of the annual 'impact and development' cycle.
- Celebrated and recognised monthly nominees for the a2 Legends awards acknowledging individuals and teams who demonstrate company values and outstanding contribution towards achievement of Company strategic priorities.
- Recognised the overall winner of the annual a2 Legend of the Year award and four recipients of the annual B O L D values awards.
- Continue to offer a Work from Anywhere policy, to support all team members with leveraging additional flexible work arrangements.

Recruitment

- Embedded talent acquisition partnership with an external provider as an integrated talent function in the ANZ business.
- Updated Human Resources Information System (HRIS) providing global data and reporting.
- Evolved the operating model and organisational design to optimise delivery of our strategic objectives.
- Launched an online recruitment module at MVM and in the China market to support a better candidate experience.
- Invested in talent acquisition of product development and innovation skills, specifically in China and Supply Chain teams, to strengthen internal capability to deliver on Company growth objectives.
- Launched the Company's corporate induction programme in China.

Supporting a diverse and inclusive workplace

- Introduced gender neutral parental leave and enhanced paid parental leave policy to 20 weeks.
- Launched Grandparents Leave, providing five days of paid leave for the arrival of a new family member.
- Implemented eight weeks of additional paid parental leave for multiple births (e.g. twins, triplets).
- Enhanced domestic violence/family violence policy to include provision of pre-paid SIM card and emergency accommodation assistance.
- Delivered unconscious bias training.
- Provided team members access to the Genea fertility programme in Australia, which offers education, webinars, podcast and complimentary/bulk billed health assessments.
- Continued to offer an additional five days of paid women's health leave.
- Partnered with an external provider to deliver a Menopause at Work education session, providing an overview on what is menopause and what are the symptoms, how it impacts work and tips and guidance for navigating respectful conversations about menopause in the workplace.
- Continued to offer an online platform to support team members managing childcare and tutoring in New Zealand and Australia.
- Continued to partner with Parents at Work, an external provider supporting all team members in the areas of career, carer responsibilities, family and wellbeing.
- Gender pay gap has been embedded into the Company's scorecard as a key performance indicator.

NEXT STEPS

- Continue to roll-out constructive leadership training programme across the Company.
- Enhance current benefits to strengthen the Company's value proposition for a2MC team members and attract future talent.
- Implement a new global online Workplace Health and Safety Management System.
- Implement 'B O L D leadership programme' focusing on 'leading self' and 'leading others'.
- Launch enhanced Domestic and Family Violence policy, dedicated intranet page, internal resources and education and awareness learning module.

Key metrics data

Gender (as at 30 June 2024)	Cohort	Male	%[3]	Female	%[3]	Variance to last year[3] (% of females)
Directors[1]	6	3	50%	3	50%	7%
Executive Leadership Team[1]	10	7	70%	3	30%	0%
People Leaders[2]	122	67	55%	55	45%	-1%
Remaining Team Members	351	165	47%	186	53%	0%
Total	**488**	**241**	**49%**	**247**	**51%**	**0%**

Age (as at 30 June 2024)	Number	%[3]	Variance to last year (%)[3]
Under 30	61	13%	1%
30 to 50	316	65%	-2%
Over 50	111	23%	2%
Total	**488**	**100%**	

Tenure (as at 30 June 2024)	Number	%[3]	Variance to last year (%)[3]
0–2 Years	200	41%	-6%
2–5 Years	172	35%	-6%
5+ Years	116	24%	12%
Total	**488**	**100%**	

1 David Bortolussi has been included in both the Director and ELT calculation.
2 People Leaders are defined as any Team Member with direct reports.
3 All values subject to rounding.

Our ongoing commitment to Gender Pay Equality

The Company has confidence in its policies, benefits and practices that support and promote gender equality. It adopts a holistic approach to diversity and inclusion in the workplace driven by a strong belief that it drives better business outcomes and provides a better experience for team members.

The Company is proud to have 50% representation of women at the board level including its Chair. The Executive Leadership Team (ELT) has 30% women and management continues to work towards the goal of having at least 40% representation of men and women across all levels in the organisation. The Company acknowledges that it still has work to do in achieving this objective and to significantly reduce its gender pay gap over time.

a2MC has a gender neutral approach to pay across the organisation and upholds equal pay as a core component of its remuneration policy and compliance in the markets in which it operates.

Focus areas to support Gender Pay Equality

The Company has prioritised three key areas to support its gender pay equality objectives.

1. Talent Acquisition

Inclusion and diversity are areas of continued focus in the attraction, development and retention of talent. a2MC has taken various initiatives to improve outcomes in this area, including:

- All roles are advertised internally to widen the pool of candidates and to provide development opportunities to existing team members.
- Specialised external software is used to attract diverse candidates through gender neutral language in role advertisements reducing gender bias in talent attraction.
- Talent acquisition teams are required to provide gender balanced candidate short lists.
- For higher graded appointments, the Company ensures it has a gender balanced interview panel with a senior female executive.
- Unconscious Bias training is provided to all hiring leaders to reduce unintended bias in the recruitment process.
- Talent management processes ensure that gender balance is a consideration.
- The CEO and Chief People & Culture Officer review all senior leadership appointments to ensure that a gender neutral approach has been adopted.

2. Flexible and supportive Work Practices

All team members have access to flexible work and the Company supports a hybrid work approach. The Company believes that flexible working practices for parents and carers is of particular importance. The Company also believes that providing access to paid parental leave promotes wellbeing benefits for families and the community more broadly. Many new benefits have been introduced over the past couple of years including:

- Enhanced parental leave policy to 20 weeks.
- Gender neutral parental leave, providing all permanent employees (of any gender) who are welcoming the arrival of a child to their family through pregnancy, adoption, surrogacy, fostering or kinship arrangement, with 20 weeks paid leave with no qualifying period and removal of the primary and secondary carer labels. Gender neutral parental leave is an important part of the Company's approach to gender equality in the workplace and helping take gender bias out of parental leave.
- Multiple newborns parental leave (eight weeks additional paid leave).
- Grandparents leave for the arrival of a new family member (five days additional paid leave).
- Women's health leave for team members experiencing symptoms of endometriosis, peri-menopause or menopause as well as those individuals undertaking fertility treatments, including IVF (five days additional paid leave).

3. Remuneration framework

a2MC continues to undertake regular independent salary reviews and equal pay validation. Over the past year the Company engaged global consulting firm Korn Ferry to lead an independent and extensive job grading process for all roles in Australia across all job grades. The Korn Ferry Hay Group Guide Chart-Profile Method of Job Evaluation is the most widely accepted method worldwide. The Company utilises this methodology annually during the annual salary review process and ad-hoc reviews to verify job grades, market data and equal pay. The Company has a long-standing partnership with Korn Ferry, utilising their expertise to regularly review remuneration ranges, benchmarking and job matching.

Gender Pay Gap calculations

While we have made progress in reducing our gender pay gap from 2023 to 2024, the current gender pay gap indicates that there is more that the Company can do. In February 2024, the Company welcomed the publication of Australian gender pay gaps by the Workplace Gender Equality Agency (WGEA) Australia. Advancing gender equality across all workplaces and global markets is consistent with a2MC's values, policies and commitment to equal pay and gender diversity.

Global Gender Pay Gap[1]

		FY24[2]	FY23[2]
Base salary	Average	20.8%	28.2%
	Median	11.8%	17.1%
Total remuneration	Average	32.7%	36.7%
	Median	11.0%	22.2%

1 WGEA methodology used to calculate gender pay gap based on data as at 31 March of each year.
2 a2MC engaged an independent accounting firm to assist with the calculations based on a data set provided by the Company.

The gender pay gap is mainly due to fewer females in higher graded roles and a lower proportion of men in lower graded roles. A more balanced distribution of men and women at all levels of the organisation will be needed to narrow and ultimately eliminate the gap.

Australian Gender Pay Gap[1]

		FY24[2]	FY23[2]
Base salary	Average	26.6%	36.0%
	Median	19.9%	43.8%
Total remuneration	Average	40.8%	46.6%
	Median	21.2%	44.7%

1 WGEA methodology used to calculate gender pay gap based on data as at 31 March of each year. 171 and 166 employees as at 31 March 2023 and 31 March 2024 respectively in line with WGEA reporting dates.
2 a2MC engaged an independent accounting firm to assist with the calculations based on a data set provided by the Company.

Due to the relatively low number of total employees in Australia, the gender pay gap calculations are sensitive to small movements. Notwithstanding, the Company is determined to make a difference in Australia and globally and has included a continuous improvement goal in the Group performance scorecard.

Whilst gender pay gap is an important insight into gender equality at a point in time, it does not provide a complete picture of a2MC's commitment to it. The Company is proud of its approach to diversity and inclusion, has market-leading policies and is committed to continuous improvement in closing its legacy gender pay gap and will continue to create a great place to work that provides accessible opportunities for all our team members to thrive.

Human rights

The Company's values and principles have an impact well beyond its own operations. The Company believes in the vital role business plays in upholding human rights and considers it a basic responsibility to ensure that individuals, communities and the environment are treated with respect.

Anti-Modern Slavery

The Company is committed to high standards of responsible conduct, social responsibility and sustainability in all areas of the business, including operations and supply chain. The Company's commitment comes not just from an acknowledgement that it is the right thing to do, but from a recognition that the manner in which the Company and its partners manage social, environmental and economic impacts is critical to long-term success. The Company released its fourth Modern Slavery Statement under the Australian Modern Slavery Act in December 2023 which is available at www.thea2milkcompany.com/ESG-reporting.

FY24 PROGRESS

- Revised employment model implemented by third-party distributors for China-based full-time brand ambassadors to provide social insurance and full-time employment benefits, and reduce risk of exploitation.
- Online Modern Slavery Training module rolled out to all employees globally, and targeted training provided to team members working in key risk areas (procurement, farms services and manufacturing).
- Adopted an anti-modern slavery remediation plan which sets out the steps the Company is to take in the event it discovers any modern slavery in its supply chain.
- Launched an anti-modern slavery supplier questionnaire, with initial rollout to highest risk suppliers following completion of supplier risk analysis.
- Updated farmer handbook for MVM milk suppliers with further information about the Company's expectations regarding employment practices and modern slavery.
- Engaged a consultancy to conduct a refreshed risk assessment and a gaps and opportunities analysis to support longer term action planning.
- Continued to conduct further work across the Company's supply chain, with a focus on modern slavery risks across both the Company's own supply chain and indirect operations.

NEXT STEPS

- Develop longer-term action plan following completion of gaps and opportunities analysis.
- Analyse modern slavery risks with key suppliers' supply chains and operations.
- Continue roll-out of anti-modern slavery supplier questionnaire.

Promoting diversity and inclusion

As a diverse business with operations across four different countries, the Company recognises the importance of fostering a culture that promotes a respectful and diverse workplace.

Inclusion plan (NZ)

In New Zealand, the Company commenced its Māori cultural journey, partnering with Tika Learning who delivered the first of the cultural awareness and education sessions at the Company's Global Senior Leader's Conference in June.

Reconciliation Action Plan (AU)

In Australia, the Company recognises the importance of reconciliation between First Nations peoples and non-indigenous peoples and in FY23 formally commenced its reconciliation journey by committing to the Reconciliation Action Plan (RAP) framework established by Reconciliation Australia.

FY24 PROGRESS

- Commenced work towards establishing the Company's Māori inclusion plan in New Zealand.
- Established RAP working group across Australia.
- In Australia progressed deliverables against the Company's 'Reflect' RAP in partnership with YarnnUp, an Aboriginal advisory firm.

NEXT STEPS

- Roll out Māori culture education.
- In Australia, commence development of 'Innovate' RAP.

Enriching communities

The Company recognises that it has a responsibility to support and contribute to the communities in which it operates.

a2MC strives to make a difference by helping communities thrive and by supporting organisations that are helping to create a brighter future for children and families, and the Company's farming communities.

The Company has developed a community support framework to guide how to engage, invest in, and give back to the communities in which it operates, act on relevant social issues, and contribute to other programmes that are aligned to the Company's purpose and which team members are passionate about.

Support takes the form of funds and product donations to help communities, as well investments of time from the Company's people to work directly with partner organisations.

FY24 PROGRESS

$2.97m[1]

in product and cash donations, including:

Proactive partner organisation support

- KidsCan (New Zealand).
- Foodbank School Breakfast Program (Australia).
- Feed the Children (USA).
- Operation Smile (China).
- Cure Kids (New Zealand).

Event-based (or reactive) support

- Product donations for families affected by Gansu earthquake (China).

Additional farming community specific programmes and support

- *a2™ Farm Sustainability Fund*.
- Surfing for Farmers support.
- Bale Up Conference support.
- Dairy Women's Network support.

1 Donations figure includes the cost value of donated products and any donation of cash (NZD) to communities, organisations, farmers and individuals.

Progress towards our goals – People (continued)

The a2 Milk Company is supporting communities to thrive

Operation Smile (China)

About 25,000 babies born in China each year suffer from cleft lip palate. While corrective surgery can help to transform those children's lives, they cannot undergo surgery until they achieve the requisite 'health standard', which includes weight targets. The Company partnered with Operation Smile during the year to provide corrective surgery and nutrition products to 300 children suffering from cleft lip palate, before and after their operations. With more than 6,000 medical volunteers from around the world, Operation Smile is one of the world's largest volunteer-based not-for-profit organisations.

Operation Smile 微笑行动

CHINA CHARITIES AID FOUNDATION FOR CHILDREN
中华少年儿童慈善救助基金会

KidsCan (New Zealand)

The Company is proud to partner with KidsCan, a New Zealand based charity dedicated to helping children affected by poverty.

a2MC is a major partner of KidsCan which helps to support children experiencing hardship by providing food, jackets, shoes and basic health products in partnership with schools and early childhood centres nationwide.

The Company supports KidsCan's belief that education is a child's ticket out of poverty. Recognising that children struggle to learn when they are cold or hungry and providing practical support can help to remove some of these barriers, creating an opportunity for a better future.

KidsCan

Cure Kids (New Zealand)

Cure Kids is the largest funder of child health research in New Zealand after the government. The Company was proud to support Cure Kids Professorial Chair, Andrew Day, in FY20 and FY21 to research digestive health for children, with a special focus on coeliac disease and irritable bowel disease. In FY24, the Company also made a significant donation to Cure Kids' Elliott Caughey Fund established to recognise the co-founders of Cure Kids, emeritus Sir Bob Elliott and Dr Ron Caughey. This contribution extends the Company's longstanding support of Cure Kids and will further enable crucial child health research.

Foodbank (Australia)

The Company has supported Foodbank with fresh milk product donations in New South Wales and Victoria since 2015, scaling up support in times of heightened need. In FY23, support was increased by providing a cash donation to the Foodbank School Breakfast Program. The Company also donated *a2 Milk®* products to Foodbank through the National Donor Partnership. The School Breakfast Program provides a healthy breakfast for school children who would otherwise go without, and delivers important benefits for students across a broad range of physical and mental health outcomes, including energy levels and concentration. In FY24 the Company was able to support Foodbank through continued donations to provide over 49 schools in some of Australia's most remote Indigenous communities with access to the School Breakfast Program.

FOOD BANK SCHOOL BREAKFAST PROGRAM

Feed the Children (USA)

The Company partnered with Feed the Children in Colorado to help provide struggling families the supplies they need to send their children back to school with confidence. The ongoing health and economic crisis continues to cause hardships for children and their families and it's estimated that one in five children in the USA suffer from food insecurity. In FY24, the Company donated funds to provide food and supplies for school children, ensuring they have what they need to grow and thrive.

FEED THE CHILDREN®

Progress towards our goals – Planet

PLANET

Protect our planet and cows, rethink packaging, achieve net zero and become nature positive.

SUSTAINABLE DEVELOPMENT GOALS

SDG 2: Zero hunger
Target 2.4

SDG 15: Life on land
Target 15.3

SDG 6: Clean water and sanitation
Target 6.3 and 6.4

SDG 13: Climate action
Target 13.2

SDG 12: Responsible consumption and production
Target 12.2

MEDIUM-TERM PLANET TARGETS

ANIMAL WELFARE AND FARM ENVIRONMENTAL PLANS

100%

of certified farms supplying raw A1 protein free milk to have an upgraded animal welfare programme and a farm environmental plan in place by the end of CY23

FY24: achieved target

GHG EMISSIONS

Meaningful progress against

Net Zero roadmap

FY24: 45% reduction in Scope 1 & 2[1] emissions and completion of methane inhibitor feasibility study

SUSTAINABLE PACKAGING

Meaningful progress against

sustainable packaging roadmap

FY24: Increased recycled content in tertiary packaging and adopted the ARL on fresh milk bottles in Australia

1 Using the market based method of calculation for Scope 2.

PLANET SECTION

Nature

As global understanding of nature-related impacts and dependencies deepens, businesses are increasingly recognising the critical role that nature plays in their operations.

Within the agricultural sector, understanding the interconnected relationship between nature, climate, and supply chain impacts, especially on-farm impacts, is essential to effectively contributing to a sustainable future.

The natural environment plays an essential role in the production of *a2 Milk™* products. The reliance on natural resources is driving an important shift in the way that companies manage and assess the impact they have on the natural environment.

The dairy sector has an extraordinary opportunity to lower its impact on the natural environment. The Company recognises the interconnected nature of these impacts and is committed to delivering a positive contribution to biodiversity, water and soils. These are critically important issues to the Company, its strategic partners, as well as governments and regulators in the countries in which it operates.

The Company believes this will also become increasingly important as consumers become more attuned to nature impact.

The Company acknowledges the work being undertaken with respect to the Taskforce on Nature-related Financial Disclosures (TNFD) which is focused on developing a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature positive outcomes.

In a similar way to the Company voluntarily aligning its climate disclosures to the Taskforce for Climate-related Financial Disclosures (TCFD), which included reporting impacts for the first time in FY22, the Company will aim to align to the Taskforce on Nature-related Financial Disclosures (TNFD) over time.

The Company has undertaken two nature risk and opportunity assessments covering two regions in New Zealand, Canterbury and Southland, where the largest A1 protein free milk pools supplying the Company are based.

These regions also represent a significant proportion of the Company's supply chain footprint, in particular from a production perspective.

These pilot assessments confirmed the need for the Company, with its strategic partners and suppliers, to focus on the key risks and opportunities around:

- Water quality and use
- Soil quality
- Biodiversity
- Climate (as an element of nature)

The Company also has targets related to GHG emissions reductions, farm environmental plans, animal welfare and sustainable packaging which the Company believes will also contribute to nature positive outcomes. In reviewing the Company's supplier targets, the Company aligned to its primary IMF manufacturer on nitrogen loss targets, an initial step towards introducing nature-related targets. The Company is targeting a 45% reduction in nitrogen loss to waterways per kilogram of milk solids by 2030 for farms in the Canterbury region supplying milk for a2MC's primary IMF manufacturer, from a FY18 base year. The Company will consider both the Science Based Target Network (SBTN) and the Science Based Target Initiative for Forest, Land and Agriculture (SBTI FLAG) when setting additional nature targets.

Progress towards our goals – Planet (continued)

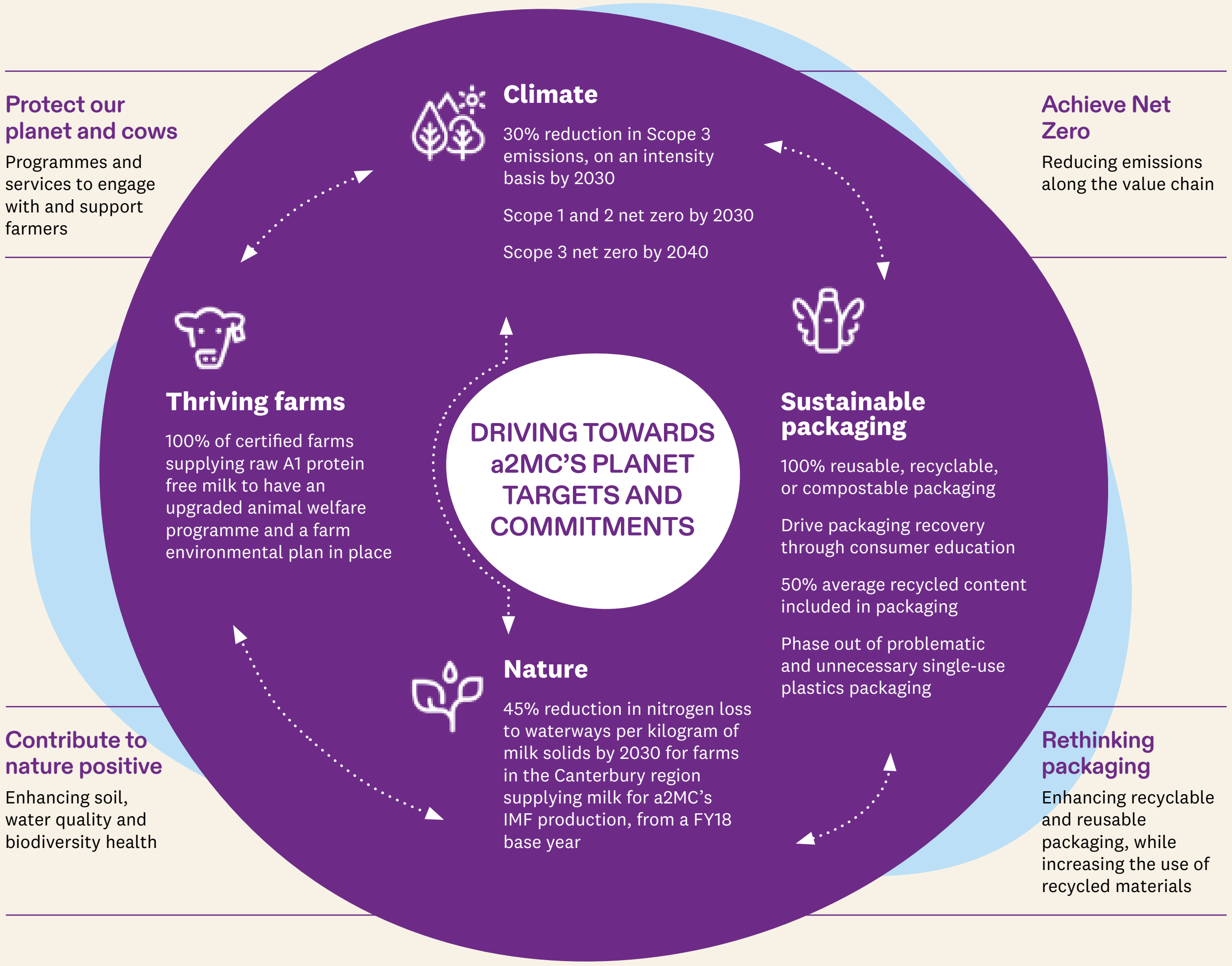
FY24 PROGRESS

- Achieved the Company's target of 100% of certified farms supplying raw A1 protein free milk to have a farm environmental plan in place by end of CY23.
- Advanced on-farm research in partnership with Lincoln University, designed to strengthen on-farm resilience and deliver positive environmental outcomes.

NEXT STEPS

- Continue progress towards aligning to and reporting against the TNFD framework.
- Consider on-farm water, waste and biodiversity targets.
- Extend nature-related targets for other key risks and opportunities and for additional operating regions.

Investing in planet leadership



Collaborating with partners, processors, farmers and communities

CLIMATE TARGETS AND COMMITMENTS

Net zero GHG emissions

for **Scope 1 and 2** by 2030

Net zero GHG emissions

for **Scope 3** by 2040

30% reduction

of **Scope 3** emissions, per kilogram of milk solids, by 2030 from a FY21 base year

Climate

Climate change is driving significant structural transformation across all sectors.

There will also be extraordinary opportunity for the agricultural sector to realise increased productivity and efficiency through new technologies and practices that lower emissions and environmental impact across the supply chain, including a particular focus on on-farm emissions.

The Company has continued to evolve its alignment to external reporting requirements and in FY24 has aligned with the Aotearoa New Zealand XRB Climate Standards, as required (NZ CS 1, CS 2 and CS 3). In addition to XRB alignment, the Company remains attuned to global sustainability efforts. The International Sustainability Standards Board (ISSB) has been instrumental in shaping the landscape of sustainability disclosures. Furthermore, the Australian Accounting Standards Board (AASB) has released an exposure draft on climate reporting, proposing the Australian Sustainability Reporting Standards (ASRS).

GHG emissions net zero roadmap and GHG inventory

The Company is targeting net zero for Scope 1 and 2 emissions by 2030 and has a target to achieve net zero by 2040 for Scope 3. The Company has also introduced an interim Scope 3 target to reduce Scope 3 GHG emissions by 30% per kilogram of milk solids by 2030 from a FY21 base year.

The Company has continued to track against its net zero roadmap which illustrates the Company's net zero targets and how it plans to meet these targets over time. The Company's net zero roadmap is available on the Company's website.

In addition to the roadmap, the Company has published a GHG inventory report which shows the breakdown of Scope 1, 2 and 3 emissions. The purpose of the inventory report is to provide transparency on the Company's emissions profile as well as communicate any estimation uncertainties and assumptions.

The GHG inventory report is available in the Company's Climate Statement at thea2milkcompany.com/ESG-reporting.

Progress towards our goals – Planet (continued)

GHG emissions reduction programme

Scope 1 and 2 emissions account for approximately 5% of the Company's total GHG emissions profile, with Scope 3 emissions comprising the other 95%. The largest proportion of Scope 3 emissions is from on-farm activities.

Key metrics data (FY24)[1]

GHG Emissions[2]	FY24	FY23	FY22
Total GHG Emissions[3]	**453,953**	**501,090**	**516,345**
Scope 1	13,412	24,343	22,972
Scope 2 (Market based)[4]	149	153	–
Scope 2 (Location based)[4]	4,507	3,356	3,221
Total Scope 3	440,392	476,595	490,153
On-farm (Scope 3)	360,919	374,168	403,429

1 Numbers are subject to rounding.
2 Greenhouse gas emissions, calculated as tonnes of carbon dioxide equivalent (tCO_2e), have been estimated using considerations from The GHG Protocol guidelines. Emissions and conversion factors were sourced from the National Greenhouse Accounts Factors for Australia, the New Zealand Ministry for the Environment for New Zealand and a range of other country specific sources. Where required, non direct emissions sources have been estimated using default and/or extrapolated emissions intensity rates to provide a more complete picture of the Company's Scope 1, 2 and 3 emissions. Total emissions calculations exclude packaging and non-milk raw ingredients. Refer to the Company's GHG inventory report for details on estimations and assumptions used, which can be found in the Company's Climate Statement.
3 Total GHG emissions have been calculated using market based method for Scope 2.
4 A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen. It derives emission factors from contractual instruments, such as green energy contracts.

FY24 PROGRESS

Scope 1: GHG emissions from direct operations

- Completed the installation of a high-pressure electrode boiler at MVM to replace existing coal-fired thermal heat generation system.
- Introduced electric vehicles to the Company's fleet vehicles, with remaining vehicles being hybrid.

Scope 2: GHG emissions from electricity operations

- Completed the full electrification of the MVM site which includes converting MVM to 100% certified renewable energy.*
- Continued to utilise green energy contracts at all available sites.

Scope 3: Indirect GHG emissions

- Invested in AgriZero[NZ], a partnership between the New Zealand Government and major agribusiness companies to reduce on-farm biogenic methane and nitrous oxide emissions.
- Completed the Company's first methane inhibitor feasibility study on-farm.
- Continued research to support regenerative farming practices through the partnership with Lincoln University aimed at reducing GHG emissions.

Mataura Valley Milk boiler upgrade

The new electric boiler installed at MVM in Southland is now fully operational, completing the plant's conversion from a coal-fired manufacturing process to one powered entirely by certified renewable electricity.* The boiler conversion eliminates about 22,000 tonnes of CO_2, which contributes to approximately 98% of the Company's Scope 1 emissions on an annual basis and establishes MVM as the first all-electric dairy factory in New Zealand.

The Company invested approximately $16 million into the boiler and site electrification project and received $5 million co-investment from Energy Efficiency and Conservation Authority under the New Zealand's Government Investment in Decarbonising Industry fund.

* MVM purchases Meridian's Certified Renewable Energy production values product to enable it to exclusively match the amount of electricity it uses on an annual basis with an equivalent amount of electricity put into the national grid from one of Meridian's hydro stations or wind farms (which have been independently verified as producing 100% renewable electricity). Actual electricity received on location is from mixed renewable and fossil fuel sources, due to the nature of the electricity transmission and distribution system.

AgriZero[NZ]

In FY24 the Company made an investment into AgriZero[NZ], a world-first partnership between the New Zealand Government and other industry stakeholders aimed at reducing enteric methane and nitrous oxide emissions.

The investment demonstrates the Company's commitment to supporting farmers to reduce on-farm GHG emissions in New Zealand, and in meeting its sustainability targets of becoming net zero by 2040 and its interim target of reducing Scope 3 emissions by 30%, on an intensity basis, by 2030.

Mitigating on-farm emissions presents a significant challenge for the dairy industry and transitioning to a lower-emissions future requires a systematic change involving substantial investments in innovative technologies and emission reduction strategies. Within its supply chain, on-farm emissions account for roughly 75% of the Company's total GHG emissions profile and through investments such as AgriZero[NZ] combined with other on-farm initiatives, the Company aims to drive meaningful change across the agricultural sector to support farmers and achieve its net zero targets.

Methane reduction

The Company has continued to focus on methane reduction with the completion of its first feasibility study in FY24. The study presented various challenges throughout the period, providing opportunities for the Company to work with farmers to navigate on-farm hurdles to find solutions that are commercially viable and outcomes that can be validated. This included investing in on-farm infrastructure, methane emission data capture software, animal health monitoring collars and providing additional support where needed. The Company will need to continue to work with farmers, processors and feed suppliers to identify a range of methane reduction products that are easily accessible, ensure animal welfare, maintain the premium quality of products and reduce Scope 3 emissions.

FY24 PROGRESS

Water usage and efficiency

- Water efficiency remains a priority for the Company's manufacturing facilities. Water usage is strongly influenced by the product mix and given the changing product mix at MVM, an increase in water usage is expected, with water efficiency rates continuing to align with prior years.

Waste, wastewater and waste diversion

- Waste reduction remains a top priority for both MVM and Smeaton Grange. This commitment is demonstrated in the overall decrease in landfill waste and total waste. Due to MVM's location, traditional recycling methods are not always feasible. In FY24 MVM implemented alternative recycling solutions for waste materials which resulted in a 53% reduction in overall waste and a 54% reduction in recycling waste between FY23 and FY24.
- Wastewater diverted to beneficial land use significantly decreased in FY24. This reduction is attributed to a modification in the sludge treatment process at MVM. Instead of being diverted back into the land, the sludge is now repurposed into compost.

Energy consumption

- MVM and Smeaton Grange have continued to use green energy contracts, with Smeaton Grange producing energy through solar panels.
- In line with expectations, electricity at MVM increased in FY24 due to the introduction of the electrode boiler. The boiler utilises renewable energy and will reduce the Company's Scope 1 emissions by approximately 98% in FY25.

Environmental metrics

Metric	FY24	FY23	Movement
Manufacturing Facilities[1]			
Total water usage ('000 litres)	314,071	290,908	8%
Water efficiency (litres/litre of milk)	1.6	1.7	-6%
Waste water diverted to beneficial land application (litres)	1,133,900	2,780,010	-59%
Waste to landfill (tonnes)	68	100	-32%
Recycling waste (tonnes)	1,225	2,683	-54%
Total waste (tonnes)	1,294	2,776	-53%
Waste diversion (recycled waste/total waste)	94.7%	96.7%	-2%
Electricity consumption (kWh)[2]	17,400,000	16,700,000	4%
Electricity consumption – electrode boiler (kWh)[2]	25,300,000	–	100%
Total electricity consumption (kWh)[2]	42,600,000	16,700,000	155%

1 The table refers to operations at Smeaton Grange and MVM only.
2 This number has been rounded.

THRIVING FARMS TARGETS AND COMMITMENTS

100%

of certified farms supplying raw A1 protein free milk to have an upgraded animal welfare programme and a farm environmental plan in place by the end of CY23

Thriving farms

Farmers play a vital role in the Company's supply chain, not only as suppliers of the precious milk source for the Company's products but also as stewards of the environment and as vital contributors to local communities.

The Company is committed to working with and supporting farmers enabling them to improve the impact on the environment. The work undertaken by the Company to better understand its nature and climate risks and opportunities has highlighted the need to take a holistic systems-based approach to regenerative agriculture to be effective in driving towards nature positive outcomes, including net zero targets.

In FY24, the Company achieved its targets of 100% of certified farms supplying raw A1 protein free milk to have a farm environmental plan in place and to be certified under an upgraded animal welfare programme by the end of CY23. The Company has continued to track and develop the roadmap to certification of supplier farms to continue to meet this target.

The Company has developed and rolled out its farmer grants programmes, on-farm measurement pilot studies, research partnerships, methane reduction research, farmer education programmes, and crisis support.

Farm environmental plans

The Company has developed a global framework for farm environmental plans. The principles of the framework address the most material aspects of environmental management in the dairy industry:

- Lowering GHG emissions
- Managing water quality and efficiency
- Managing soil quality
- Boosting on-farm biodiversity
- Improving nutrient (effluent) management

FY24 PROGRESS

- Achieved the Company's target of 100% of certified farms supplying raw A1 protein free milk to have a farm environmental plan in place by end of CY23.

Animal welfare programme

Cow welfare is crucial for dairy production, and benefits both the animals and milk production. High standards of cow welfare results in reduced stress, lower disease risk, and improved overall wellbeing; leading to more productive, ethical and efficient farming.

Best practice standards for animal welfare on farms is therefore central to the responsible sourcing of A1 protein free milk, and the Company works with its suppliers to support best practice though its animal welfare programme.

The programme meets globally recognised frameworks, including the Five Domains Framework, which considers both physical and mental aspects of wellbeing:

1. Nutrition
2. Physical Environment
3. Health
4. Behaviour
5. Mental or Affective State

a2MC supports farmers to implement its animal welfare programme through training, milk monitoring, and comprehensive audits. The Company encourages a continuous improvement approach, supporting farmers to have best practice standards for animal welfare through the upgraded animal welfare programme.

FY24 PROGRESS

- Achieved the Company's target of 100% of certified farms supplying raw A1 protein free milk to have an upgraded animal welfare programme and a farm environmental plan in place by the end of CY23.
- Continued roll-out of training modules for auditors.
- Staged launch of upgraded animal welfare programme across the Company's regions.
- Successful roll-out of updated audit scope.

NEXT STEPS

- Progress towards global certification of the redefined animal welfare programme.
- Invest in education and value-add initiatives for farmers.

Research studies, partnerships and measurement

The Company is committed to supporting the dairy industry by working with technology and solutions providers to tackle some of the major issues in the industry. As noted in the Climate section above, the Company has been actively involved in methane reduction research. The Company is also seeking to partner with research institutions on projects that will advance science and technology solutions to contribute to nature positive outcomes. Another of the major challenges in agriculture is where the Company is investing time and resources to advance the accurate measurement of on-farm data.

FY24 PROGRESS

- Completed first methane inhibitor feasibility study in Victoria, Australia.
- Rolled out on-farm carbon audits across its certified farms.
- Progressed a research project with Lincoln University aiming to enhance on-farm resilience and deliver positive environmental outcomes.

NEXT STEPS

- Expand on completed methane reduction feasibility study in Australia.
- Expand on measurement pilot studies in Australia and New Zealand.
- Expand carbon audits to certified farms in North America.
- Continue to partner with research institutions on projects that will advance science and technology solutions to contribute to nature positive outcomes.

a2™ Farm Sustainability Fund

In FY24 the Company consolidated its farmer grants programmes across New Zealand and Australia bringing them together under the re-branded *a2™ Farm Sustainability Fund*. Since its inception, the New Zealand and Australian programmes have awarded over 65 projects, totaling more than $2,170,000.

These programmes offer financial awards to contracted A1 protein free dairy farms to support projects that demonstrate an integrated approach to a sustainable future.

The Company has partnered with specialist agriculture organisations across New Zealand and Australia, Lincoln University and Landcare Australia respectively, to administer the fund and support the assessment and progress of projects. The programme allows eligible farms to apply for grants to fund farming practices that align with the Company's sustainability objectives and one or more of its key environmental improvement themes:

- Lowering greenhouse gas emissions
- Increasing on-farm carbon sequestration
- Improving farm system resilience
- Improving water quality and efficiency
- Enhancing on-farm biodiversity
- Improving animal wellbeing/health
- Managing and improving soil health
- Expanding blue/green infrastructure e.g. living things (soil/trees/diverse pasture)

The programmes each have an investment committee comprised of industry experts in regenerative agriculture, soil health, animal health and wellbeing and farming systems who evaluate and award funding for the received applications.

FY24 PROGRESS

Twenty-five awards totalling approximately $670,000 made across New Zealand and Australia to farmers who were successful in the 2024 round of the *a2™ Farm Sustainability Fund*.

NEXT STEPS

- Continue to support the *a2™ Farm Sustainability Fund* with a focus on sustainable farming practices.
- Identify additional measurement technologies.

SUSTAINABLE PACKAGING TARGETS AND COMMITMENTS

100%
reusable, recyclable, or compostable packaging

Drive packaging recovery
through consumer education

50%
average recycled content included in packaging

Phase out
of problematic and unnecessary single-use plastics packaging

Sustainable packaging

Sustainable packaging is an important element of the Company's ambition to protect the planet.

The Company has designed its product packaging to protect the health and safety of consumers and reduce food waste as a first priority. However, it recognises that packaging, and related impacts such as litter, ocean waste, micro-plastics, use of non-renewable materials and landfill, are issues of concern to a2MC consumers and stakeholders, and is focused on designing recyclable and reusable packaging while increasing the use of recycled materials in packaging, where it does not affect product integrity and safety.

In Australia, the Company is a member of the Australian Packaging Covenant Organisation (APCO) and has aligned to its 2025 National Packaging Targets, where the industry is working together towards 100% recyclable, reusable or compostable packaging, 70% recovery of plastic packaging, 50% average recycled content, the phase out of single-use and problematic packaging, and the roll-out of consumer educational logos on how to dispose of packaging.

The Company is taking a similar approach to sustainable packaging for products sold in all markets, designing for recycling or reuse, applying relevant disposal and recycling instructions, and working to increase the use of recycled content where possible.

In April 2023 APCO announced a review of the National 2025 Packaging Targets which indicated it is unlikely the targets will be met by the end of 2025 and a longer-term vision is needed to guide action. a2MC remains committed to its sustainable packaging targets and will adjust the timelines of its targets once further guidance has been received, to ensure they remain aligned with industry standards and best practices.

FY24 PROGRESS

- Actively participated in industry working groups for sustainable packaging, enabling the Company to closely collaborate with industry to navigate industry-wide challenges.
- Continued to review and progress against the Company's sustainable packaging roadmap.
- Submitted its third APCO Annual Report, maintaining a rating of 'Leading'.
- Continued to investigate innovative packaging design for sustainable solutions.

NEXT STEPS

- Continue to execute against its sustainable packaging roadmap and make progress against sustainable packaging targets.
- Incorporate 20% recycled content for HDPE in fresh milk bottles within Australia.
- Work with suppliers to increase recycled content in shippers and tin.

FY24 PROGRESS AGAINST TARGETS

Target	Progress
100% reusable, recyclable, or compostable packaging	Fully recyclable packaging reduced from 87.1% in FY23 to 83.3%[1] in FY24. This reduction was due to increased production of UHT and opaque PET products. Alternative packaging solutions are being investigated; however, limited available and viable solutions is making it challenging for the Company to convert all of its packaging to fully recyclable materials.
Drive packaging recovery through consumer education	The Company will continue to apply appropriate disposal and recycling information for consumers, including applying the Australasian Recycling Logo (ARL) to packaging sold in the Australian market, where possible.
50% average recycled content	The Company remains committed to achieving specific material targets in relation to recycled content for its product range. Refer below for detail.
– 20% recycled content for HDPE	The Company is on track to incorporate 20% recycled content for HDPE in fresh milk bottles within Australia.
– 60% recycled content for paper	The Company aims to have up to 100% recycled content for paper in all Australian shippers. Collaborative efforts with the Company's primary IMF manufacturer are underway to increase the recycled content in New Zealand shippers.
– 35% recycled content for metals	Despite ongoing challenges in validating recycled content in metal tins, the Company is actively collaborating with industry partners and direct suppliers to address this issue.
Phase out of problematic and unnecessary single-use plastics packaging	The Company has reviewed its products sold in Australia against APCO's framework for assessing problematic, unnecessary and single-use plastics and has determined it does not have any packaging materials that meet the criteria to be phased out by 2025. The Company will continue to assess any new packaging materials added to its product portfolio against this framework.

1 Total recyclability as a percentage assumes that all consumers dispose of packaging in line with recycling guidelines.

CONSUMERS

Bring the unique benefits of pure and natural *a2 Milk™* to as many consumers as possible.

SUSTAINABLE DEVELOPMENT GOALS

SDG 3: Good health and wellbeing
Target 3.4

SDG 9: Industry, innovation and infrastructure
Target 9.1

SDG 12: Responsible consumption and production
Target 12.5

MEDIUM-TERM CONSUMER TARGETS

UNPROMPTED BRAND AWARENESS IN CHINA

>25%

FY24: 25%, FY23: 23%

CHINA LABEL IMF MARKET SHARE IN CHINA

≥5%

FY24: 4.9%, FY23: 3.9%

ENGLISH LABEL IMF MARKET SHARE IN CHINA

≥25%

FY24: 20.2%, FY23: 19.0%

SALE OF OTHER NUTRITIONALS IN CHINA

>$200m

FY24: $110m, FY23: $80m

SAMR REGISTERED CHINA LABEL PRODUCTS

≥3

Following FY24, a2MC expects to access an additional registration slot at Synlait's Dunsandel plant

CONSUMER SECTION

Consumers

Bring the unique benefits of pure and natural *a2 Milk™* to as many consumers as possible.

The Company's trusted brand, its proprietary know-how and A2-type beta-casein expertise are valuable assets. The Company is committed to ongoing investment to maintain and sustainably grow these assets. In addition, the Company is focused on responsibly marketing to consumers and delivering products that are safe and of high-quality.

The Company's premium brand is strengthening in awareness, penetration and loyalty to varying levels across its key markets. It has increased its investment to grow and protect its brand and its trade marks in all product categories and regions.

Through ongoing investment into scientific research and development programmes, the Company is deepening its expertise and advancing global understanding of the potential health benefits of *a2 Milk™*. This science will underpin the Company's future product innovation, bringing the benefits of *a2 Milk™* to a broader audience of consumers.

There are four key focus areas to ensure the Company can continue to deliver a targeted and differentiated brand proposition and product portfolio:

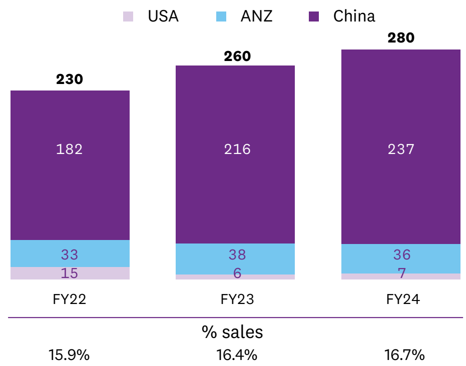
- Invest in science, nutrition and beta-casein education.
- Build and strengthen brand adoration.
- Create a distinctive product portfolio.
- Help consumers understand the benefits of *a2 Milk™*.

FY24 PROGRESS

- The Company increased marketing investment by 7.6% in FY24 primarily reflecting a significant step-up in China above-the-line brand investment as well as below the line activation in line with its growth strategy.
- The Company launched a refreshed visual identity for its brand that is now being rolled out across categories, markets, and touch points.
- The Company's product portfolio underwent considerable change in FY24, with the evolution of existing products, introduction of several new products such as *a2 Gentle Gold*™ and new fortified milk powder tubs, as well as opening up new markets through geographic expansion.

MARKETING INVESTMENT INCREASED

$ million



Progress towards our goals – Consumers (continued)

True a2™ represents our promise of exceptional quality

True a2™ is our promise of exceptional quality, representing our commitment to uncompromising care, and creating products of genuine quality. Our unique *True a2™* ecosystem ensures that from our farms all the way to families, the finest *a2™* products reach consumers in premium quality condition. Leveraging over 20 years of pioneering experience and expertise, as well as established partnerships with leading industry specialists, *True a2™* consists of five critical elements:

Pioneering science

Ever since 2000 when the pioneering work of our founders unlocked the natural wonder of *a2 Milk™*, The a2MC has been dedicated to sharing this discovery with the world.

Focused exclusively on products made with *a2 Milk™*, a2MC has built an unrivalled understanding of A1 and A2-type beta-casein proteins and has been granted over 70 related patents over two decades.

Dedicated farms

The *a2™* brand was born on the pristine plains of New Zealand's finest dairy regions. So wherever in the world you find our *True a2™* products, we've stayed true to the richness and purity of our homeland.

We are proud to work with a team of dedicated, passionate farmers to source our pure and natural *a2 Milk™*.

Specially selected cows

At a2MC, we are extremely particular about our cows and how they are cared for.

a2MC's world-class animal welfare programmes are verified by leading independent experts.

Rigorous identification, segregation and tracking ensure our cows naturally produce milk with only A2-type protein and no A1, safeguarding the integrity and purity of the milk – all the way from cow to cup.

World-class processing

a2™ products are manufactured only at modern production facilities with the highest quality standards leveraging our established relationships with trusted partners throughout our supply chain network.

Passionate experts combine advanced technology with uncompromising care to deliver products of exceptional quality.

Advanced testing and tracking

Nothing is more important to us than the safety and integrity of our products. That's why quality testing is an integral part of the manufacturing process.

We adhere to strict standards of rigorous testing throughout the entire production process, as well as meticulous batch tracking across our product range to provide consumers with the highest levels of confidence.

In addition, a multi-layered tracking program on our IMF range provides an additional layer of confidence in the authenticity and provenance of our products.

Pioneering in science

Invest in science, nutrition and A1 protein free science education.

As a pioneer of A1 protein free science, the Company is also the custodian of the category. The Company's science priorities have always aligned with its business strategy, and most importantly, its consumer needs.

Science, and the more recently created nutrition function, are enablers to support growth and delivery of key strategic priorities, and decrease risk to the business. The Company is increasing its investment in strengthening its global leadership in A1/A2 beta-casein research. Key strategic priorities include:

- Continue to strengthen the evidence supporting digestive and broader gut health benefits of *a2 Milk™*.
- Expand research to explore the immune and cognitive benefits of *a2 Milk™*.
- Expand on research across different life-stages.

With research being undertaken in China, ANZ and the USA, and with the integration of the science and nutrition functions, a2MC will expand its scientific credibility, knowledge and understanding of the A1/A2 protein science, enabling communication on science, nutrition and innovation.

Building brand equity

The Company is committed to increasing marketing investment levels to improve brand equity in its key markets of China, ANZ and the USA. The Company targets consumers who experience perceived discomfort consuming products that contain A1 beta-casein protein as well as progressive and health-conscious consumers who are drawn to the differentiated and quality proposition that a2MC delivers.

When targeting consumers who would otherwise limit their consumption of dairy products or avoid them altogether, the Company's marketing approach emphasises the potential health and wellbeing benefits of its branded products. a2MC aims to welcome these consumers back to milk. Many consumers and healthcare professionals report that people who experience digestive issues drinking ordinary cows' milk may experience benefits when they switch to *a2 Milk™*.

Innovation

The Company is committed to innovation and continuing the growth of its distinctive product portfolio. The Company's product portfolio is based around the benefits of *a2 Milk™* and is divided into three core categories. Having established a strong core product range, the Company is committed to continuing to grow its premium portfolio through innovation. The Company's approach to growing and innovating its products varies within each market in which it operates – adapting to local consumer preferences, category nuances, channel dynamics, regulatory requirements and overall category maturity.

The *a2™* Difference

Dairy is great, A1 protein free is better, a2™ is best

At The a2 Milk Company we believe in the power of dairy, and delicious and nutritious milk is dairy at its simple, natural best – foundational nutrition packed with a range of nutrients essential for a healthy life whatever your life stage.

But we have also always known that not all milk is the same, and dairy can be done better. Sourced exclusively from cows specially selected to naturally produce milk with only A2-type protein and no A1, *a2 Milk™* is naturally free from A1 protein.

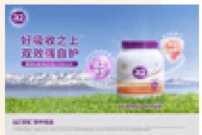
Ever since the pioneering science of our founders unlocked the natural wonder of A1 protein free milk, The a2 Milk Company has been exclusively dedicated to sharing these benefits with the world.

Progress towards our goals – Consumers (continued)

Regional highlights

China

- Launched upgraded GB registered China label IMF product, exceeding expectations. This achievement was supported by a large-scale integrated marketing campaign.
- Achieved growth in IMF sales during the new GB transition period.
- Continued to reach new highs in brand health metrics, particularly in awareness among pregnant and early stage users and in lower tier cities with a strong consumer value proposition.
- Increased offline distribution in lower tier cities, with a more integrated approach to new user recruitment.
- Delivered strong growth across Fresh Milk, UHT and Adult Milk Powder categories.

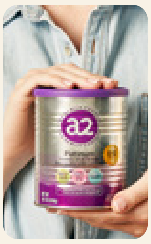


International

- Launched new EL IMF Product *a2 Gentle Gold™*, in Australia and selected channels in China.
- Launched *a2™* Immune and *a2™* Move nutritional milk powders, products with distinct functional benefits, targeting the unmet needs of the young adult market.
- Strong growth in other nutritionals through new tub products launched in the prior year.
- *a2 Platinum®* Toddler Milk continued to be highly rated by parents and was a productreview.com.au 2024 award winner in the baby formula category.
- Engaged Daigou with a range of initiatives including hosting Alibaba Expo events to amplify brand presence, providing marketing materials to increase share of voice, and introducing a mini-app to incentivise support for *a2*™ brands.

USA

- Successfully launched *a2 Platinum®* IMF in the USA with an offline regional test and nationally available online.
- Continued to progress long-term FDA approval.
- Continued to focus on building awareness for the benefits of A1 protein free milk and driving consumer trial for the *a2 Milk™* portfolio of products.



ANZ

- Brand relaunch with new impactful pack design and fresh milk Tough Tummies campaign delivered significant lifts in spontaneous awareness, NPS and brand advocacy.
- Upweighted digital campaigns and publisher partnerships increasing awareness of A1 protein free benefit.
- Enhanced retailer programmes driving stronger conversion in store and online.
- Significant investment supporting *a2 Milk® Lactose Free* delivering 17% share.
- Launched four new products across portfolio, increasing access and value for *a2 Milk™* shoppers.
- Increased household penetration and achieved #1 Fresh Milk brand in retail for first time.
- Largest media investment in the Australian fresh milk category.

Product quality and food safety

The Company is committed to the highest standards of product quality and food safety, especially given a large proportion of its products are consumed by infants, young children and pregnant women. The Company has significant proprietary knowledge and quality processes to deliver products that achieve these standards, as well as compliance with other market regulations and requirements.

This commitment is supported by:

- A comprehensive and unique focus on A1/A2 beta-casein protein segregation and testing from farm to finished product.
- A priority focus on food safety and quality management audited by accredited third-party verification agencies for both self-owned and third-party manufacturing sites.
- Long-term partnerships with high quality third-party manufacturers who share the Company's focus and ambition on social responsibility.
- Relevant industry certifications including ISO 9001 (IMF), SQF and BRC (GFSI recognised certification) at all processing facilities.
- China Organic (COFCC) Certification for *a2 Milk™* Instant Whole Milk Powder and *a2 Milk™* Whole Milk Powder products, manufactured at MVM.
- Ongoing monitoring and compliance with relevant regulatory requirements in the markets in which the Company operates.
- Investment in people and training to ensure capability to meet product quality and food safety standards.

Responsible marketing

The Company's approach to marketing infant nutrition aligns to the core principle of supporting breastfeeding as the primary form of infant nutrition. The Company has developed a premium, high-quality range of infant nutrition products to provide parents an alternative when breastfeeding is not an option.

The Company complies with local best practice in each of its active markets with respect to the marketing of IMF products.

Marketing in Australia of Infant Formula (MAIF) and Infant Nutrition Council

The Company is a signatory to the MAIF Agreement and a member of the Infant Nutrition Council, which represents the major manufacturers and marketers of infant nutrition in Australia and New Zealand. All members abide by a Code of Conduct including the MAIF Agreement and The Infant Nutrition Council Code of Practice for the Marketing of Infant Nutrition in New Zealand.

Progress towards our goals – Shareholders

SHAREHOLDERS

Create long-term, enduring value for shareholders and maintain a trusted, transparent relationship.

SUSTAINABLE DEVELOPMENT GOALS

SDG 8: Decent work and economic growth
Target 8.2

MEDIUM-TERM SHAREHOLDER TARGETS

REVENUE GROWTH

~$2 billion revenue

by FY27 or later

FY21 to FY24: 11.6% CAGR

EBITDA MARGIN

EBITDA %

in the teens with year on year improvement

FY24: 14.0%, FY23: 13.8%

EARNINGS PER SHARE (EPS) GROWTH

>10% EPS growth

per annum

FY21 to FY24: 28.5% CAGR

OTHER METRICS

+32.7%

Closing share price growth

57.9%

Return on capital employed (ROCE)[1]

1. ROCE is defined as EBIT/Capital Employed. Capital Employed is calculated as total assets less current liabilities and cash and term deposits.

Shareholders

Delivering on the Company's medium-term financial targets or ambition requires a compelling growth strategy, underpinned by strong operational performance and supported by a robust capital management framework. A focus on execution and close management of business risks and opportunities are also critical to delivering successful outcomes.

The Company's strong balance sheet provides it with the flexibility to respond to risks and opportunities in pursuit of long-term value creation in line with the Company's strategic objectives.

The Company continues to strengthen its strategic partnerships to support its next phase of growth. Its strategic partners provide a range of benefits including manufacturing capability, market access support, distribution and logistics services, and consumer and regulatory insights.

Maintaining transparency with the Company's shareholders ensures they are informed, and updated with the Company's strategic priorities and execution progress. The Company continues to provide more information through its approach to integrated reporting and a variety of reporting frameworks including New Zealand's External Reporting Board (XRB), the International Sustainability Standards Board (ISSB), the Taskforce for Nature-related Financial Disclosures, Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI).

In FY24 the Company made meaningful progress against its medium-term financial ambitions, with strong growth in revenue and earnings, and is well positioned for further growth in a challenging market.

Strong financial performance since FY21

As part of its growth strategy, a2MC has defined its medium-term financial ambition to grow revenue from $1.2 billion in FY21 to approximately $2 billion by FY27 or later, and to target EBITDA margins in the 'teens'.

Since FY21, a2MC has achieved strong growth in revenue and EBITDA of 38.8% and 89.9% respectively. This represents an incremental revenue uplift of $469 million and EBITDA margin uplift of 3.8ppts as well as a compound annual growth rate of 11.6% for revenue and 23.8% for EBITDA. The Company has also delivered an earnings per share (on a diluted basis) compound annual growth rate of 28.5%.

In FY24 the Company made meaningful progress against its medium-term financial ambitions, with strong growth in revenue and earnings, and is well positioned for further growth in the future. A detailed overview of the Group financial performance for FY24 is provided in the CEO's year in review section (refer to page 5 to 13).

Capital allocation to drive growth

The Company's capital allocation framework prioritises investment in growth initiatives ahead of returning capital to shareholders.

There are several critical elements to be considered as part of a2MC's capital framework which is summarised in the image on the following page.

The Company's capital allocation framework is continually reviewed by management and the Board.

Capital allocation framework

Available capital and operating cash flow

Investment

Grow core business in existing markets

- Invest in building core business, including brand, product innovation and channel development
- Develop execution capability through investing in talent, systems, quality, safety, infrastructure and partnerships
- Transform supply chain and existing market access
- Assess M&A opportunities to support core business growth and supply chain transformation

Expand the boundaries

- Expand in existing markets with new product categories
- Leverage existing products into new markets
- Assess M&A opportunities to expand boundaries

Balance sheet strength and flexibility

- Support business growth and risk management initiatives
- Maintain a conservative cash reserve to manage in an uncertain environment

Excess capital

Shareholder returns

Capital management

The Group's objective when managing its capital is to safeguard the Group's ability to continue as a going concern and to continue to generate value for stakeholders. The Group is not subject to externally imposed capital requirements, and currently has no debt, however holds a facility specific to Mataura Valley Milk Limited which is undrawn at 30 June 2024 (refer to Note D6).

The Group's capital structure may be modified by payment of dividends to shareholders, returning capital to shareholders, or issuing new shares. The Board continuously assesses its capital position in order to deliver the optimum structure to drive shareholder returns in line with the Company's strategy and capital allocation framework.

Consistent with the Company's capital allocation framework, priority is being given to transforming and de-risking a2MC's supply chain to enable future growth focused on investment in New Zealand and China. Once the Company's supply chain transformation is further developed and other investment opportunities are considered, to the extent there is a capital surplus to achieving a2MC's priorities, the Board will make a disciplined assessment of the potential to return capital to shareholders and the most appropriate option to do so.

Strategic partnerships and supply chain investments

The Company has built its foundations with a number of key partnerships. Each partner brings different strengths that enable the Company to execute against its strategic objectives. In particular, its strategic partnerships with China National Agriculture Development Group, China State Farm Agribusiness and China Animal Husbandry Group provide invaluable insights and assistance in understanding the trade and regulatory environment in China. a2MC also has supply and other relationships with Synlait, MVM, New Zealand New Milk, Yashili NZ and Fonterra.

China National Agriculture Development Group Co., Ltd.

China National Agriculture Development Group Co., Ltd. (CNADC) is a leading State-Owned Enterprise (SOE) and offers comprehensive agricultural services in mainland China. CNADC is responsible for meeting China's agricultural needs with 17 wholly-owned or share-controlled subsidiaries, and three publicly listed companies. CNADC's knowledge of the Chinese market and its ownership of China State Farm Agribusiness and China Animal Husbandry Group positions it as a strong strategic partner for a2MC for the long-term.

China State Farm Agribusiness

China State Farm Agribusiness Holding Shanghai Co., Ltd (CSFA) is an SOE and became the Company's exclusive logistics and distribution partner for IMF products in China in 2013. CSFA is the exclusive import agent for the Company's China label IMF products with 112 active IMF distributors and approximately 105 UHT and milk powder distributors throughout the country.

The Company's agreement with CSFA is for a term of five years from 1 October 2022 in addition to a longer term strategic co-operation agreement. CSFA's China expertise is of significant value to a2MC in managing its operations effectively.

China Animal Husbandry Group

China Animal Husbandry Group (CAHG) is an SOE and became a strategic partner when the Company purchased 75% of MVM in 2021. CAHG holds 25% of MVM and is also owned by CNADC. The partnership with CAHG provides the opportunity to build and enhance the Company's relationships with key partners in China.

Synlait

Synlait Milk Limited (Synlait) has produced a2MC's IMF products since 2012 and sources its milk from the Canterbury Plains and Waikato regions in New Zealand. a2MC and Synlait renewed their agreement in 2019. The agreement outlined a two-year extension to the original agreement providing for a rolling three-year term from 1 August 2022 (i.e. an evergreen agreement subject to termination by either party on three years notice). In addition to its supply agreement, a2MC holds a 19.8% equity interest in Synlait, making it the second-largest shareholder. Synlait's largest shareholder is Bright Dairy, a multinational food and beverages manufacturing company headquartered in China. Bright currently has a 39.0% interest in Synlait and is its controlling shareholder.

In August 2024, the Company announced that it had conditionally resolved its arbitration disputes with Synlait, including Synlait's acceptance of the validity of a2MC's notice of cancellation of exclusivity, whilst gaining access to a potential additional China label IMF product registration slot to be developed by December 2029 subject to SAMR approval. The Company also announced its support and participation in Synlait's equity raise on agreed terms, to be set out in Synlait's forthcoming notice of meeting. The disputes settlement is conditional on Synlait completing its equity raise and the refinancing of Synlait's existing banking facilities.

Mataura Valley Milk

Mataura Valley Milk (MVM) is a purpose-built nutritionals facility and sources milk from Southland in New Zealand. a2MC acquired a 75% interest in MVM in July 2021.

The acquisition provides a2MC with a unique opportunity to insource certain volumes from Synlait, to prioritise innovation at an owned facility, achieve additional China label registrations over time and capture vertical manufacturing margins. In FY24, the Company transitioned manufacture of base powder for *a2 Platinum®* IMF Stage 4 to MVM.

Fonterra

The Company's arrangements with Fonterra Co-operative Group Limited include an exclusive licensing agreement for the production, distribution, sale and marketing of *a2 Milk™* branded fresh milk in the New Zealand market entered into in 2018.

AgriZero^NZ

In FY24 the Company invested in AgriZero^NZ, a partnership between the New Zealand Government and industry stakeholders. AgriZero^NZ aims to reduce enteric methane and nitrous oxide emissions. This investment underscores the Company's commitment to supporting New Zealand farmers in lowering on-farm greenhouse gas (GHG) emissions.

ESG Reporting

New Zealand Climate Reporting

The a2 Milk Company is a climate-reporting entity under the Financial Markets Conduct Act 2013.

The a2 Milk Company's climate-related disclosures in its Climate Statement comply with Aotearoa New Zealand Climate Standards issued by the External Reporting Board. Please refer to The a2 Milk Company's Climate Statement here.

In FY24, The a2 Milk Company reported in accordance with CS 1, CS 2 and CS 3 of New Zealand's External Reporting Board. The XRB Climate Standards take into consideration both the TCFD framework and the ISSB standards. For further details, please refer to the Company's Climate Statement.

During FY24, the Company conducted its second climate scenario analysis, adhering to the requirements set by both XRB and the Paris Agreement (with a minimum 1.5-degree scenario). The Company has maintained its focus on strategic responses to risks identified through scenario analysis, tracking progress against its net zero roadmap and consumer demands. Going forward, the Company will continue to conduct refreshed analyses as needed or in response to material changes.

Taskforce on Nature-related Financial Disclosures

In FY24, after a two-year design and consultation phase, the Taskforce on Nature-related Financial Disclosures (TNFD) published its disclosure recommendations and supporting implementation guidance.

Given the importance of nature to its business model and activities, the Company conducted two nature-based risk and opportunity assessments on areas of significant geographical footprint in FY23. The Company is preparing to report in line with the requirements and recommendations of the framework in the coming years and expects to increase its transparency and accountability in relation to nature-related risks and opportunities.

Australian Sustainability Reporting Standards (ASRS)

The Australian Government is expected to pass legislation in 2024, which will introduce mandatory climate-related financial disclosures for certain entities. Given the efforts made to adhere to the Aotearoa New Zealand Climate Standards and the International Sustainability Standards Board standards, the Company is well-prepared to report against the ASRS climate-related disclosures when required.

Sustainability Accounting Standards Board (SASB)

SASB aims to identify the sustainability-related risks and opportunities that are material to understanding how an organisation creates value. In FY24, the Company considered the SASB, Food and Beverage – Meat, Poultry and Dairy standards when disclosing ESG metrics.

Global Reporting Initiative (GRI)

In FY24, the Company aligned to the GRI universal standards. The GRI is an independent international standard that aims to standardise comparable, and consistent ESG information.

An index for each of the frameworks the Company has aligned to is available on its website in the ESG reporting library at www.thea2milkcompany.com/ESG-reporting.

Risks and opportunities

The management of risks and opportunities is an inherent and important part of actively growing and developing a sustainable business.

Effective risk management anticipates risk, develops strategies to manage risk and enables the Company to capitalise on opportunities, which is critical to sustainable, long-term value creation.

The Company's Risk Management Policy outlines the programme the Company has implemented to deliver appropriate risk management within its processes, systems, culture and decision making. A copy of the Risk Management Policy is available at www.thea2milkcompany.com/corporate-governance.

Governance of risk

The Board is responsible for the overall system of internal control and has delegated responsibility for ensuring that the Company maintains effective risk management and internal control systems and processes to the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews the risk profile including material business risks and provides regular reports to the Board on the operation of the internal control systems.

The Company's management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate.

Management implements the action plans developed to address material business risks across the Company.

Management regularly monitors and evaluates the effectiveness of the action plans. In addition, management promotes and monitors the culture of risk management within the Company and compliance with the internal risk control systems and processes.

Management reports regularly to the Board regarding the status of the risk management programme and reviews its effectiveness with the Board.

The Committee and management may also refer particular risk management issues to the Board for final consideration and direction.

Approach to risk management

The Company's approach to risk management is anchored to ISO 31000 principles to ensure that robust foundations support its processes and procedures and, in doing so, this allows the Board to fulfil its governance responsibilities by making a balanced assessment of the risk management process. Risks are identified, assessed and monitored through regular workshops with senior management and the Audit and Risk Management Committee. Mitigating actions and controls are designed to limit the likelihood of key risks occurring, as well as the associated impacts if these risks occur.

The Company's risk management approach evolves continually as it identifies, assesses, monitors and mitigates both financial and non-financial risks that may affect its ability to achieve its strategic goals.

The Company has identified nine sources of risk and opportunity relevant to its business activities. The pages that follow provide an overview of each source of risk, including key economic, environmental and social risks with the potential to materially impact the Company's ability to achieve its objectives. They also summarise how the Company is responding to those risks, as well as associated opportunities.

The supply of nutritional food products

a2MC supplies food products for human consumption, including complex nutritional products for consumption by infants and children. As a result, the Company is inherently exposed to potential product quality, food safety and/or food integrity events.

KEY RISKS	KEY RESPONSES
Genuine, perceived, or alleged food safety and/or quality concerns	– Priority focus on food safety and quality management. – Food safety and quality systems audited by accredited third-party verification agencies. – Reliance on high-quality third-party manufacturing partners. – Rigorous positive release protocols prior to the release of finished product. – Expand product portfolio to reduce reliance on individual products. – Enhance traceability systems and implement across non-IMF categories. – Product innovation and technology to enhance product security. – Testing of certain distributed products in selected markets by an independent third-party. – Dedicated customer careline covering all active markets.

KEY OPPORTUNITIES

An increasingly health-conscious society combined with the size and enduring nature of the nutritional food category provides significant opportunity to:

- Leverage our pioneer status to promote the benefits of products made with *a2 Milk™*.
- Assert the Company's competitive advantage in beta-casein testing and technology (our *True a2™* ecosystem – page 46).
- Maximise the potential of our existing product portfolio in key markets.
- Explore opportunities to innovate and expand our existing product portfolio.
- Enter adjacent product categories to drive growth.
- Strengthen consumer trust through Quality Assurance Programme.

Competitive intensity

a2MC has experienced significant growth over recent years, and is now a top 5 brand in the China IMF market and the leading premium liquid milk brand in Australia. This success has inspired others to compete with a2MC in the A2-type beta-casein protein segment.

KEY RISKS	KEY RESPONSES
Market share erosion in core markets due to a) domestic brands' potential to resonate and connect more effectively with local consumers than international brands; or b) unclear, misunderstood or undefined A2-type beta-casein protein (or A1 protein free) regulatory standards; or c) the adequacy of the product range to appeal to a broad consumer group	– Plan to obtain additional China label registrations to expand the Company's IMF product portfolio. – Significant and ongoing investment in brand building activities globally. – Use of consumer and health care professional education to ensure clear understanding of the unique A2-type beta-casein protein proposition and benefits. – Significant and ongoing investment in science, nutrition and innovation globally to ensure the Company delivers unique consumer value propositions in all its markets underpinned by its proprietary know-how and quality processes. – Regular monitoring of market share data and proprietary research into consumer/shopper insights, preferences, and expectations. – Continued investment in intellectual property to expand the Company's trade mark and patent portfolio.
Infringements of our intellectual property (IP) rights resulting from third-party conduct or claims against such IP rights	– Monitoring infringement of the Company's IP and taking action to protect it.
Counterfeit products	– Processes and technology to identify and manage potential counterfeit products including the use of external agencies and in-market authentication testing. – Development of the *True a2™* ecosystem, which includes independent product audits and QR code verification systems to ensure products are of the highest quality and safety (see *True a2™* page 46).

KEY OPPORTUNITIES

While competitive intensity can present market share erosion risks, it also expands consumer awareness of the segment and engagement with the benefits of *a2 Milk*™, encourages opportunities in relation to product innovation and allows a2MC to further leverage its pioneer premium brand status. Opportunities exist to:

- Emphasise our proprietary know-how and quality processes to deliver A2-type beta-casein protein products that are of unrivalled quality.
- Invest in science, nutrition and innovation to continue to pioneer the future of dairy and the A2-type beta-casein protein segment as well as explore new opportunities.
- Drive awareness and education of our unique A2-type beta-casein protein proposition and benefits to increase our consumer base.

Doing business in international markets

With the Company's expanding geographical footprint, it is exposed to various risks and opportunities associated with conducting business in international markets.

KEY RISKS	KEY RESPONSES
Changing macro trends (including demographic, economic and social trends), which can impact the size of the addressable markets and/or the complexity of operating in those markets (e.g. declining China birth rates)	– Strong focus on innovation and new product development to broaden portfolio and addressable markets. – Continued strong investment in brand to grow share. – Agile approach to the execution of sales and marketing programmes, adjusting where appropriate to reflect shifts in consumer and channel dynamics. – Leverage multi-label, multi-channel portfolio to broaden distribution.
Geopolitical tension and regulatory environments influencing channels to market, market access, product registrations, trade tariffs, taxes, and quotas	– Strong understanding of local standards, regulations and guidelines supported by expert in-market advice. – Strong strategic and collaborative partnerships with Chinese State-owned enterprises[1]. – A multi-product, multi-channel route-to-market strategy for the sale of infant nutrition into China.
Foreign currency exchange rate volatility	– Treasury management activities, providing oversight and monitoring of foreign currency exposures with some cash flow hedging.
Multilayered, complex, and opaque route-to-market channels	– Ongoing refinements to simplify and delayer English label infant milk formula distribution network, supported by more transparent partner relationships and greater control with enhanced traceability systems.
SAMR[2] product registration for China label infant nutrition	– Close partnership with infant nutrition manufacturer, Synlait, which holds GACC[3] and SAMR registrations allowing China label IMF to be exported to and sold into the China market. – Collaborative approach with Synlait to successfully maintain SAMR registration. – Transitioned to newly registered China label product without impacting sales momentum. – Conditionally resolved commercial disputes with Synlait and secured additional China label registration slot. Refer to page 53.
Long-term approval of USA IMF	– Commenced distribution of *a2 Platinum*® IMF under US Food and Drug Administration (FDA) Enforcement Discretion with selected retailers in-store and online. – Collaboration with Synlait, to complete and prepare for submission of the New Infant Formula Notification (NIFN) to seek FDA approval for the sale of USA IMF product beyond the period of Enforcement Discretion. – Use of third-party local experts to provide FDA guidance in association with completion of the NIFN.

1 Refer to Shareholders section for detail on partnerships.
2 China's State Administration for Market Regulation (SAMR) requires registration to be held in the name of the manufacturer as opposed to the brand owner. The current registration for a2MC China label products was granted to Synlait in June 2023 and expires in September 2027.
3 General Administration of Customs of the People's Republic of China.

KEY OPPORTUNITIES

Doing business in international markets provides opportunities for the Company to fulfil its vision of creating an A1 protein free world. These include:

- Significant further growth potential of infant nutrition and other products in China, the largest and most attractive market for infant nutrition globally.
- Exposure and potential entry into attractive new markets (e.g. South East Asia).
- Ability to leverage the unique benefits of *a2 Milk™* to engage with consumers in international markets.
- Operational resilience through developing and leveraging enduring strategic relationships.
- Experience sharing of consumer and product insights across markets.

Major international events

Pandemics, epidemics, outbreaks of animal diseases, international conflicts and natural disasters can cause unprecedented social, economic and supply chain disruptions globally.

KEY RISKS	KEY RESPONSES
Route-to-market disruption and transport cost volatility	– Continued close cooperation with Synlait and other suppliers to maintain continuity of infant milk nutrition supply, and with third-party suppliers in Australia and the USA to maintain continuity of liquid milk supply. – Multiple warehousing locations in China to mitigate supply chain disruptions. – Enhanced inventory surveillance and reporting to maintain stock control and availability through the supply chain. – Safety stock held to provide buffer against market disruptions. – Transitioned production of *a2 Platinum®* Stage 4 IMF to MVM and another new commercial IMF supply chain partner (New Zealand New Milk, a subsidiary of Lactalis) to provide site diversification. – Added a new commercial IMF supply chain partner (Yashili NZ, subsidiary of Mengniu) for production of *a2 Gentle Gold*™. – Exploring options to complete some of the manufacturing process domestically in China.
Health and wellbeing of our people	– Continued focus on robust infection control protocols in line with all relevant government requirements, particularly across the Company's manufacturing facilities. – Investment in internal resources and systems focused on the health and safety of our people.
Inflationary pressures creating a) volatility in operating costs and availability of ingredients and raw materials, and b) cost-of-living pressures	– Use of long-term milk supply agreements in certain markets. – Forward procurement of key ingredients to stabilise price and ensure availability. – Dual sourcing of supply for certain ingredients. – Strong premium brand providing platform for cost recovery to varying extent through wholesale price adjustments. – Investment in internal procurement team focused on procurement of product input costs as well as operating expenses.
Potential animal disease incursions impacting the ability to supply export markets	– Assist farmers with farm biosecurity plans and preparedness. – Ongoing refinement of business continuity and crisis management frameworks and procedures including simulations to mimic real life events.

KEY OPPORTUNITIES

Our response to global events provides opportunities to enhance our profile in existing markets, and provide support to disrupted markets.

- Consumer share gain opportunities through product availability in supply-constrained environment.
- Our company structure and culture provides agility to rapidly respond to global events.
- New market/product opportunities where a2MC is able to positively respond more quickly than competitors.

Climate and nature

Being heavily dependent on agricultural inputs, a2MC is exposed to short, medium and long-term climate and environmental risks including physical risks resulting from acute and chronic changes in climate, and transition risks resulting from regulatory, or market pressures associated with on-farm emissions (see Climate Statement and index, within the ESG reporting library).

KEY RISKS	KEY RESPONSES
Climate change effect on biodiversity, soil, ecosystems, water access and uncertainty in carbon pricing, quality and availability of raw materials and ingredients	– Invested, and actively engaged, in industry collaboration joint venture AgriZero^{NZ}. – Established baseline and progressing against targets for GHG emissions reductions. – Monitoring and tracking water consumption, waste-to-landfill, water efficiency and energy usage at manufacturing facilities. – Monitoring and tracking targets set for recycled content, recyclability and the phase out of problematic plastic for a2MC branded product packaging (refer to pages 42 to 43). – Sourcing milk from diversified milk pools within New Zealand, Australia and the USA and incorporating climate impacts into future sourcing strategies. – Investing in new technologies and emissions reduction initiatives, such as upgrading the coal-fired boiler at MVM to high-pressure electrode using renewable energy and the completion of the Company's first methane feasibility study. – Requirement for all certified A1 protein free farms supplying a2MC to have farm environmental plans in place, addressing the most material aspects of environmental management in the dairy industry. – Continued support for the *a2™ Farm Sustainability Fund* to assist farmer-led sustainable dairy farming projects.
Risk of natural disasters (e.g. flooding, drought, earthquake), particularly in Dunsandel given the China label product registration can only be made at that specific site	– Diversification of processing locations and new supplier relationships established in New Zealand. – Plan to obtain additional China label registrations. – Insurance coverage.
Risk of non-compliance with upcoming ESG standards, given change in regulatory environment across the jurisdictions in which it operates	– Obtaining external assurance over climate and other sustainability metrics, including various sections of the Company's Climate Statement. – Early adoption of required ESG reporting standards where possible.

KEY OPPORTUNITIES

Acknowledging climate and nature risks provides significant opportunity for the Company to play a leading role in driving industry change and build trust with increasingly climate aware consumers. Ensuring climate scenarios and modelling are considered in medium-term and long-term strategic planning will enable the Company to develop operational resilience. Opportunities exist to:

- Develop operational resilience by incorporating climate and nature scenario modelling into long-term strategic planning.
- Strengthen brand and social positioning via leadership position in GHG emissions reduction, recyclable packaging and farming practises.
- Realise increased productivity and efficiency via new technologies and practises that lower emissions and environmental impact.
- Enhance our climate risk modelling and Taskforce on Climate-related Financial Disclosures (TCFD) reporting and early adoption of the voluntary Taskforce on Nature-related Financial Disclosures (TNFD) framework.

Strategic partnerships

The Company's success has been underpinned by relationships with key strategic partners[1], including critical supply and distribution partners. As a result, the business is inherently exposed to the operations of key partners changing in a material way, or as the result of one or more partners reprioritising their support for a2MC.

KEY RISKS	KEY RESPONSES
Disruption to key partner operations impacting supply and/or access to critical markets	– A broad range of strategic partner relationships have been developed over time. – Conditionally resolved disputes with Synlait and announced a2MC's intention to support and participate in Synlait's equity raise. Refer to page 53. – Supplier diversification through driving insourcing and innovation at MVM to mitigate current supplier concentration in IMF. – Strong partnership with China State Farm Agribusiness, a2MC's exclusive import agent and master distributor for its China label products. – Strengthened relationship with key partners in China via joint investment in MVM with China Animal Husbandry Group (CAHG). – The Company has formed a strategic partnership with Yuou through a distribution agreement signed in April 2023. Yuou is a leading Offline-to-Online distributor in China that operates ~1,500 Momtime (China's premier O2O network) stores and a digital platform, Yuncang, that services over 16,000 stores.
Key partners reprioritising their support for a2MC or failing to act ethically or in line with a2MC's values	– Conditionally resolved commercial disputes with Synlait and secured additional China label registration slot. Refer to page 53. – A controlling 75% interest in MVM supports growth of the Company's nutritionals business and further strengthens our relationship with China National Agriculture Development Group Co., Ltd. (parent company of CAHG). – Additional commercial supply chain partnerships with New Zealand New Milk, subsidiary of Lactalis, and Yashili NZ, subsidiary of Mengniu. – Pursuing additional M&A, joint venture and alliance opportunities with IMF manufacturers to further diversify supplier risk in longer-term. – Stabilised our English label infant milk formula distribution network, supported by more transparent partner relationships and greater level of transparency through enhanced traceability systems. – Multiple milk processors contracted in Australia and the USA, mitigating reliance on a single processor in these regions.
Ability to ensure timely supply of finished products to customers	– Ongoing access to milk pools that exceed the Company's current usage requirements. – Access to manufacturing capacity that exceeds current usage requirements.

1 Refer to shareholders section for detail on partnerships (pages 50 to 53).

KEY OPPORTUNITIES

Our key partnerships provide significant opportunities including:

- Access to high quality manufacturing capability and capacity to support growth ambitions.
- Access to international markets (including opportunities to expand product registrations).
- Opportunities to diversify supply chain partners over time to build operational resilience.
- Access to lower tier cities in China through strategic partners that have a physical and online presence in regional locations.

Evolving technology and cyber security

Technology is used by a2MC as a key enabler to build awareness of the effects of A1 protein, and promote brand loyalty, process transactions, forecast sales, manage stock, manage product purchases and deliveries, manage operational production and product traceability amongst other functions. Uninterrupted availability of the technology solutions is a crucial element of the value creation chain.

KEY RISKS	KEY RESPONSES
Cyber-attacks (including ransomware) and unauthorised disclosure of, or loss of, confidential data/information	– Continuing to enhance cyber security systems, processes and protections, including engagement of specialised third parties to assist with 24/7 monitoring. – Implementing additional, more sophisticated cyber tracking and monitoring tools covering areas including email and sensitive data. – Classification and restriction of access to sensitive information. – Conducting cyber security audits and third-party risk assessments. – Extensive deployment of Software as a Service (SaaS) solutions, e.g. Oracle Cloud, which significantly reduces the risk associated with on premise systems and supporting hardware.
Reliability/stability of critical applications	– Continued transitioning of core functions to Tier 1 cloud-based enterprise resource planning (ERP) software. – Implemented best of breed cloud-based solutions for functions which are outside the scope of ERP. – Continued to reduce the number of legacy applications in use across the business.

KEY OPPORTUNITIES

Advances in technology also present significant opportunities, including:

- Digital platforms that support consumer engagement and marketing initiatives.
- Real time data combined with the use of Artificial Intelligence (AI) to drive insights and enhanced decision making.
- The use of emerging product technology including supply chain traceability systems.
- Increased automation of supply chain, sales and distribution processes over time.
- Increased integration of customers and suppliers via EDI and other eCommerce solutions.

Talent and culture

The Company relies on the talent and wellbeing of its people and the efficacy of its culture to drive commercial outcomes and deliver its strategic priorities. The loss of business-critical skills or the inability to identify, attract and retain qualified people could have a direct impact on managing business operations successfully.

KEY RISKS	KEY RESPONSES
Failure to adequately protect the physical and psychological wellbeing of our workforce resulting in harm to health, safety and wellbeing	– Investment in dedicated programmes and resources that support our people including 'the way we work' policy, positive duty and workplace behaviour training, integrative employee assistance programme, and mental health awareness training for leaders. – Implementation of dedicated site safety managers at manufacturing sites. – Active promotion of an inclusive and diverse workplace through initiatives that reiterate our culture of 'bringing your authentic self' to work. – Continued investment in the development of constructive and humanistic leaders through the use of Lifestyles Inventory (LSI) tool and our 'Thrive' constructive leadership development programme.
Sub-optimal organisational culture (including the ability to attract, retain and develop capable talent)	– Strong cultural values, complemented by monthly and annual acknowledgement and reward programme for those exhibiting the values in day-to-day activities. – Regular surveys to monitor engagement and drive targeted people initiatives. – Alignment of remuneration to market benchmarks, annual third-party review of job grading and gender pay parity. Regular talent discussions at Executive Leadership Team (ELT) level. – A rigorous recruitment and selection process with structured induction/onboarding. – Continued evolution of the operating model to reinforce talent and 'bench strength' at all levels and functions. – Investment in formal and on-the-job learning and development opportunities to support individual development plans. – Evolution of our operating model to support and promote global mobility, cross functional skills transfer and promoting from within.

KEY OPPORTUNITIES

Providing a safe, diverse, inclusive and engaging working environment is fundamental to attracting, developing and retaining talent. The opportunity to grow capability and attract talent, exists through:

- Amplifying the unique attributes of working at a2MC and our aspiration to be an employer of choice in the sector.
- Nurturing the inherent energy, passion, and enthusiasm that working for a trusted and unique brand attracts.
- Promoting the employee experience, fostering a learning environment, and celebrating diversity and inclusion.
- Cultivating our purpose-driven culture.

Social licence to operate

Acting and operating in an ethical manner, consistent with the expectations of our shareholders, customers, consumers, suppliers, regulators, governments, communities and other stakeholders, protects our reputation and economic sustainability. A real or perceived abuse of our social licence to operate could result in significant brand damage, financial loss, and the loss of strategic partnerships.

KEY RISKS	KEY RESPONSES
Non-compliant or sub-standard animal welfare practices	– The Company's animal welfare programme aligns to globally recognised frameworks for Animal Health and is evolving from the Five Freedoms Model to the Five Domains Framework of animal welfare (refer to pages 40 - 41).
Responsible marketing (e.g. promotion of breast milk substitutes)	– Signatory to the Marketing in Australia of Infant Formula: Manufacturers and Importers Agreement 1992 (MAIF Agreement) (refer to page 49). – a2MC is a member of Infant Nutrition Council ('INC') which includes obligations to comply with the INC Code of Practice for Marketing of Infant Formula in New Zealand. – Cross-functional approval process (including regulatory and legal review) prior to publication of marketing material.
Modern slavery in the supply chain (refer to page 30)	– Modern slavery risk management programme, including Modern Slavery Response Protocol, Modern Slavery Remediation Plan and related actions plans and annual Modern Slavery Statement submission. – Corporate values and a suite of corporate codes and policies developed and embedded (including a Code of Ethics and a Responsible Sourcing Policy). – Company-wide Modern Slavery awareness training, including more in-depth training for key stakeholders. – Supplier risk assessments.
Potential bribery and corruption allegations	– Corporate values and a suite of corporate codes and policies developed and embedded (including an Anti-Bribery and Anti-Corruption Policy and Gifts and Hospitality Policy).
Water usage, waste-water and water pollution	– Established initial targets for water in New Zealand with plans to expand water targets through nature risk and opportunity assessments. – Water use monitoring systems in place at MVM and Smeaton Grange milk processing site. – Undertaking water usage reduction projects and utilisation of a waste-water treatment system on-site at Smeaton Grange, with liquid waste products returned to farms and used as fertiliser. – Farmer grant programmes to support farmer-led sustainable dairy farming projects.

KEY OPPORTUNITIES

The Company's purpose to pioneer the future of Dairy for good refers to a significant leadership opportunity to do business the right way and exceed stakeholder expectations in doing so. This includes:

- Aspiring to lead the market in making a positive contribution to society. For example, to set and monitor industry leading standards for animal welfare on a2MC supplier farms and to commit to engage and invest in the communities in which the Company operates through proactive programmes as well as reactive support in times of need.
- Taking a leadership position in protecting our planet.

Corporate governance

The Company is committed to maintaining the highest standards of corporate governance. The Company's corporate governance framework has been established to ensure that Directors, officers, and employees fulfil their functions responsibly, whilst protecting and enhancing the interests of shareholders.

Good corporate governance adds to the performance of the Company, creates shareholder value and engenders the confidence of the investment market.

The Company's corporate governance framework has been developed with regard to:

- the NZX Corporate Governance Code dated 1 April 2023 (NZX Corporate Governance Code)
- the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th Edition (ASX Principles)

For FY24 the Company's corporate governance framework complied with the recommendations in the NZX Corporate Governance Code and the ASX Principles.

Corporate Governance Statement

The Company's Corporate Governance Statement, which is current as at 30 June 2024 and approved by the Board, can be found at www.thea2milkcompany.com/corporate-governance.

The Board

Role of the Board and delegation of authority

The Board is responsible for the overall governance and operations of the Company, guiding the Company's strategic direction, monitoring risk, and overseeing the activities of management. All issues of substance affecting the Company are considered by the Board, with advice from external advisors as required.

The role and responsibilities of the Board are set out in the Board Charter, available on the Company's website at www.thea2milkcompany.com/corporate-governance. These include matters relating to the Company's strategic direction, financial performance, executive management, audit and risk management, business planning, corporate governance and disclosure, performance evaluation, workplace health and safety, ethical conduct, and determining the Company's sustainability, risk management and strategy implementation, including to respond to the Company's environmental and social sustainability risks and opportunities.

The Board delegates certain functions to its Committees. Other committees may be established from time to time with specific responsibilities as delegated by the Board. For example, a Synlait Subcommittee was established in FY24 (refer to next page).

The diagram opposite illustrates the Company's corporate governance framework.

Audit and Risk Management Committee (ARMC)

The principal purpose of this Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's risk management and internal control systems, accounting policies and practices, sustainability and climate risk management and strategy implementation, internal and external audit functions, and corporate reporting, including sustainability reporting. The ARMC meets regularly throughout the year, holding meetings and workshops (FY24: six total). Under the ARMC Charter, the ARMC is required to meet at least twice per year.

People and Remuneration Committee (PRC)

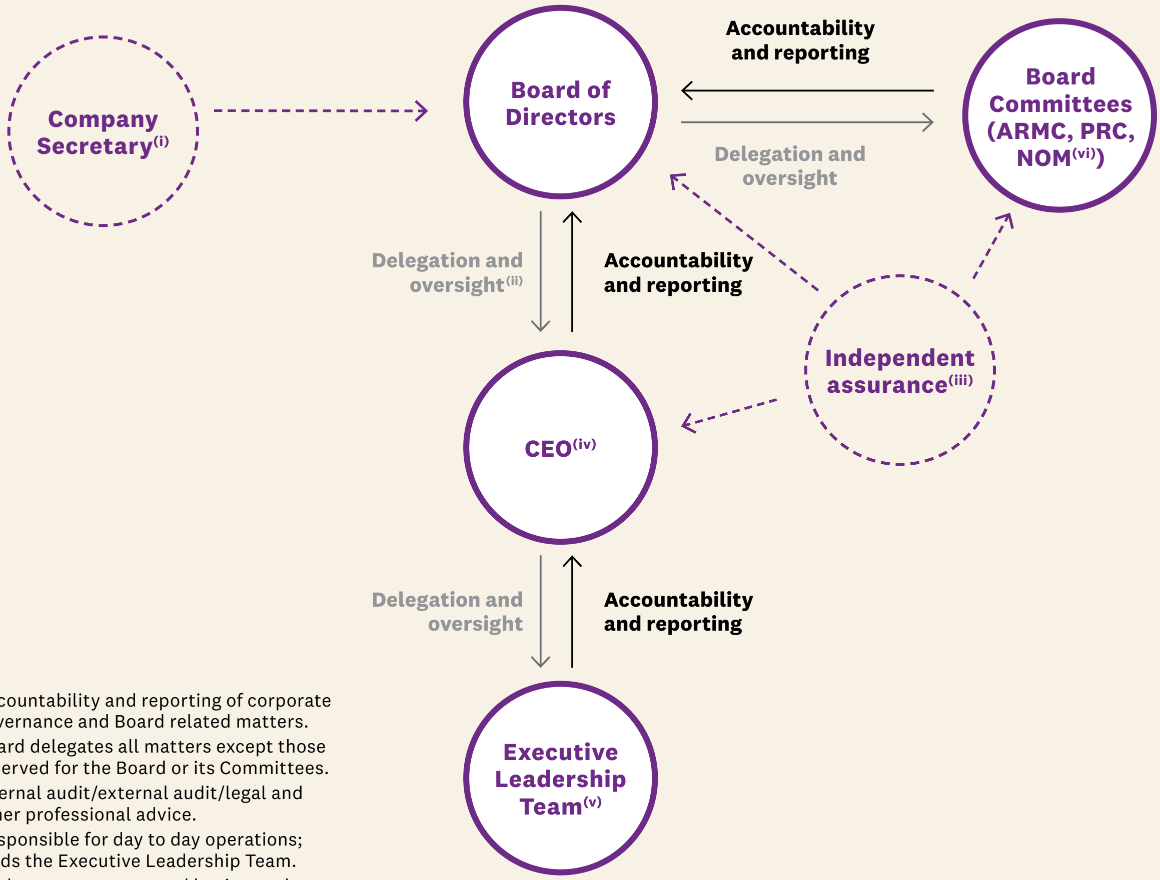
This Committee assists the Board in overseeing the design and implementation of appropriate people and remuneration policies and practices for the Company, to ensure the Company can deliver on its business objectives, remuneration is fair and current, and the Company is compliant with relevant laws, regulations and applicable listing rules. The PRC meets regularly throughout the year, holding meetings and workshops (FY24: five total). Under the PRC Charter, the PRC is required to meet at least once per year.

Nomination Committee (NOM)

This Committee assists the Board by considering nominations to the Board to provide an appropriate mix of skills, experience and diversity on the Board. This Committee was disbanded, with effect from 16 November 2023, with the intention that the Board will manage director nominations moving forward.

These Board Committees are governed by charters detailing their specific functions and responsibilities. Copies of the Committee charters are available at www.thea2milkcompany.com/corporate-governance.

Governance framework



(i) Accountability and reporting of corporate governance and Board related matters.
(ii) Board delegates all matters except those reserved for the Board or its Committees.
(iii) Internal audit/external audit/legal and other professional advice.
(iv) Responsible for day to day operations; leads the Executive Leadership Team.
(v) Implements strategy and business plans; manages performance and behaviours of teams.
(vi) NOM disbanded from 16 November 2023.

Synlait Subcommittee

During FY24, the Board established an informal subcommittee comprising three directors (Pip Greenwood, Kate Mitchell, Sandra Yu), and delegated specific responsibilities to this committee in relation to the resolution of disputes between a2MC and Synlait, and assessment of Synlait's proposed recapitalisation plan.

Board size, skills and structure

The Company's constitution provides for a minimum of four directors and a maximum of eight, of which at least two must be ordinarily resident in New Zealand to comply with the NZX Listing Rules. During the reporting period, the Board comprised between five and six independent Non-executive Directors and one Executive Director, the Managing Director and CEO, David Bortolussi. David Hearn retired from the Board with effect from 16 November 2023. Pip Greenwood assumed the role of Chair from the same date. Pip Greenwood and Kate Mitchell are New Zealand residents.

Skills

The Board comprises directors with a diverse range of skills, experience and backgrounds to support the effective governance and robust decision-making of the Group. The skills matrix set out on the following page describes the combined skills, experience and expertise presently represented on the Board, but also recognises the skills and experience that the Board considers is required to effectively govern the Group now and in the medium-term. For example, in FY24 the Board adjusted the 'Sustainability' capability to 'Environmental and social' to reflect the broader impacts of doing business on climate, nature and communities. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

CAPABILITY	NO. OF DIRECTORS (TOTAL OF 6) LEVEL OF CAPABILITY HIGH	MEDIUM
Consumer products and innovation – experience as a senior executive in, or as a professional advisor to, consumer products businesses, including sales and marketing, product innovation and supply chain	2	2
Digital, data and technology – experience and expertise in e-commerce as well as identifying, assessing, implementing and leveraging digital and other technology, understanding the application and use of data and analytics, and responding to digital disruption	1	1
Financial acumen – understanding of financial statements and reporting, key drivers of financial performance, corporate finance and internal controls	2	2
Food manufacturing safety and quality – technical or managerial experience relating to food, food product development, manufacturing and implementation and management of safe practices for the sourcing, production, transport and distribution of perishable foods	2	0
Governance – experience in and commitment to the highest standards of corporate governance, including as a non-executive director of a listed company, large or complex organisation or government body	2	2
International markets – experience as a senior executive in, or as a professional advisor to, international businesses and exposure to global markets and a range of different political, regulatory and business environments	3	3
Leadership – experience in a senior management position in a listed company, large or complex organisation or government body, including experience in leading strategy development and execution	4	2
People and culture – experience in overseeing workplace culture, people management, development and succession planning, setting remuneration frameworks and promoting diversity and inclusion	2	3
Risk management – experience in identification, assessment, monitoring and management of material financial and non-financial risks and understanding, implementation and oversight of risk management frameworks and controls	2	3
Strategy and M&A – development of corporate and business unit strategy and/or mergers, acquisitions and alliance structuring and execution	3	3
Environment and social – understanding and experience in sustainable practices to manage the impact of business operations on the environment and community and assess and manage climate and nature risks and opportunities	1	3

The Board skills matrix identifies the predominant skills of each director. Directors are assessed as 'high capability' or 'medium capability' on skills outlined in the Board skills matrix, based on their professional or non-executive experience relating to a skill. Directors initially provide a self-assessment rating which is then reviewed by the Board each year. The Board has limited each director to having a maximum of four areas identified as 'high capability' and four areas as 'medium capability'. A director is considered to have 'high capability' where the director has deep experience or expertise in relation to the capability while a director is considered to have 'medium capability' where the Director has some experience or expertise in relation to the capability.

Director induction and ongoing training

Following appointment to the Board, directors undergo a tailored induction programme to learn about the Company. The induction programme covers the Company's strategy, structure, operations, culture, risks and financials, and includes meetings with key executives. New directors are also provided with copies of key governance documents.

The Board undertakes market visits, including visiting manufacturing facilities, on a regular basis to ensure that directors remain informed of market conditions and the environment in which the Company does business. The Board is also provided with training on relevant subjects each year, either from subject matter experts from within the Company or from external providers. All directors are expected to maintain the skills required to discharge their obligations to the Company.

Board performance

The Board recognises the importance of regularly monitoring and improving its performance. The Board internally assesses its performance annually. In FY24, the Board worked with an external consultant to review their mix of skills and experience to assist with succession planning and effective ways of working.

Board Committees

The Board's standing Committees facilitate and assist the Board in fulfilling its responsibilities. Other committees may be established from time to time with specific responsibilities as delegated by the Board. The composition of the Committees as at, and throughout the financial year ended 30 June 2024 was as follows:

COMMITTEE	MEMBERS	INDEPENDENT	NON-EXECUTIVE
Audit and Risk Management Committee	Kate Mitchell (Chair)	✓	✓
	Warwick Every-Burns[1]	✓	✓
	David Wang	✓	✓
	Sandra Yu	✓	✓
People and Remuneration Committee	Warwick Every-Burns (Chair)	✓	✓
	Pip Greenwood[2]	✓	✓
	David Wang	✓	✓
	Sandra Yu	✓	✓
Nomination Committee[3]	Pip Greenwood (Chair)	✓	✓
	David Hearn	✓	✓

1 Warwick Every-Burns ceased to be a member of the Audit and Risk Management Committee on 13 June 2024.
2 Pip Greenwood ceased to be a member of the People and Remuneration Committee on 16 November 2023.
3 The Nomination Committee was disbanded with effect from 16 November 2023.

Attendance at Board and Committee meetings

Director attendance at Board and Committee meetings during FY24 is set out below.

	MEETINGS OF THE BOARD[2]		AUDIT AND RISK MANAGEMENT COMMITTEE[3]		PEOPLE AND REMUNERATION COMMITTEE[4]		NOMINATION COMMITTEE[5]	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Pip Greenwood (Chair)	9	9					-	-
David Bortolussi (Managing Director & CEO)	9	9					-	-
Warwick Every-Burns	9	9	3	3	3	3	-	-
David Hearn[1]	4	4					-	-
Kate Mitchell	9	9	3	3			-	-
David Wang	9	9	3	3	3	3	-	-
Sandra Yu	9	9	3	3	3	3	-	-

Held: meetings held during the period for which the person was a director or Committee member.
1 David Hearn: retired 16 November 2023.
2 In addition to the formal Board meetings, the Board also had two workshops to prepare for formal meetings and discuss any issues as they arose.
3 In addition to the formal Audit and Risk Management Committee meetings, the Committee also had three workshops to prepare for formal meetings and discuss any issues as they arose.
4 In addition to the formal People and Remuneration Committee meetings, the Committee also had two workshops to prepare for formal meetings and discuss any issues as they arose.
5 The Nomination Committee was disbanded from 16 November 2023.

Corporate governance policies

The following policies, each of which has been prepared having regard to the NZX Corporate Governance Code and the ASX Principles, are available on the Company's website at www.thea2milkcompany.com/corporate-governance:

- Code of Ethics
- Shareholder Communication Policy
- Continuous Disclosure Policy
- Global Whistleblower Policy
- Diversity and Inclusion Policy
- Global Anti-Bribery and Anti-Corruption Policy
- Risk Management Policy. Refer to the discussion of this policy commencing on page 54.
- Securities Trading Policy
- Responsible Sourcing Policy

The Board regularly reviews the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, amends those policies and procedures or adopts new policies or procedures, to uphold the integrity of the Company's corporate governance framework.

DIRECTORS

Pip Greenwood

Chair & Independent, Non-executive Director

Bachelor of Laws (LL.B.), University of Canterbury (New Zealand)

Pip has been a director of the Company since 1 July 2019, and Chair since November 2023.

Currently Pip is also the Chair of Westpac New Zealand and a director of Fisher & Paykel Healthcare. She was previously a director of Spark New Zealand and Vulcan Steel. Prior to becoming a full time director, Pip was a senior partner at law firm Russell McVeagh, where she spent over 10 years on the firm's Board including acting as the firm's Board Chair and interim CEO.

Pip brings extensive commercial and board experience to The a2 Milk Company Board. A leader in the field of corporate law and in the New Zealand business community, she is the recipient of numerous industry awards including being named New Zealand 'Dealmaker of the Year' at the Australasian Law Awards, an accolade she has won five times, and she has twice been recognised as a finalist at the Women of Influence Awards.

Pip resides in New Zealand.

David Bortolussi

Managing Director and CEO

Bachelor of Commerce (University of Melbourne), FCA, F FIN, MAICD

David joined the Company in February 2021 from his previous role as Group President – International Innerwear, HanesBrands. He joined Pacific Brands in 2009 initially as Chief Financial & Operating Officer taking over as CEO of the public company in 2014. In 2016, HanesBrands acquired Pacific Brands and expanded David's role to cover Australasia and subsequently its international innerwear operations outside of the Americas. Prior to this, David spent five years at Foster's Group, where he held the role of Chief Strategy Officer responsible for corporate strategy, M&A, business development and performance improvement. Prior to Foster's Group, David held senior consulting roles at McKinsey & Company and PwC.

David's career has largely been focused on the consumer and retail sector in Australia and New Zealand complemented by significant international experience in various markets and categories in China, SE Asia, the EU and the USA.

David also has an interest in private equity and growth-phase businesses. He is a member of the advisory board of Whiteoak and supports the development of investee companies.

David resides in Australia.

Warwick Every-Burns

Independent, Non-executive Director

Advanced Management Program (Harvard)

Warwick has been a director of the Company since 23 August 2016. He is also Chair of the People and Remuneration Committee.

Warwick has been a career Consumer Packaged Goods (CPG) executive of global scale. His executive roles have included a career with The Clorox Company of the USA as Senior Vice President, International, based in the USA and prior to that as VP Asia Pacific. His earlier roles included Managing Director of NationalPak Limited (the Glad Products Company ultimately acquired by Clorox) and a long career with Unilever plc where he was based in Australia.

Warwick was a Non-executive Director of the ASX listed Treasury Wine Estates Limited from 2011 until 2022.

Warwick resides in Australia.

Kate Mitchell

Independent, Non-executive Director

Bachelor of Arts Honours (Modern Languages), Oxford University, UK

Chartered Member of the Institute of Directors, New Zealand

Kate has been a director of the Company since 1 June 2023. She is also Chair of the Audit and Risk Management Committee.

Kate has significant governance experience as a director of both private and public companies. She also has extensive experience in developing solutions for clients, particularly in the areas of financial risk management, structured financing and investments.

Kate is currently Chair of The New Zealand Merino Company and Link Engine Management. She is also a director of Heartland Group Holdings, where she chairs the Sustainability Committee and Christchurch International Airport, where she chairs the People and Culture Committee.

Prior to moving to New Zealand in 2014, Kate's executive career spanned over 20 years in investment banking in London, which included senior leadership roles in the Global Markets division within investment banks including Deutsche Bank, Goldman Sachs and Merrill Lynch.

Kate resides in New Zealand.

David Wang

Independent, Non-executive Director

Master Business Administration, Carnegie Mellon University

Tepper School of Business; Bachelor of Bio-technology, Wuhan University

David has been a Director since 1 September 2022. David sits on both the Audit and Risk Management and the People and Remuneration Committees.

David brings extensive expertise across the Asia-Pacific region in manufacturing and supply chain with over 30 years' experience in industrial and consumer goods businesses including 15 years in senior executive leadership roles in China and international.

In his career, David has held various senior executive roles including at Blackstone AVINTIV Inc and Dover Corporation where his responsibilities covered manufacturing, research and development, technology, sales and marketing throughout Asia. David also worked with PepsiCo for almost 10 years in operations and supply chain. Most recently, David worked at Buhler AG, which specialises in integrated plant equipment systems and related services for food processing and advanced materials manufacturing.

David resides in China.

Sandra Yu

Independent, Non-executive Director

Master – Marketing, International Business Management (National Taiwan University)

Advanced Management Program (Harvard Business School)

Sandra Yu has been a Director of the Company since 1 March 2022. Sandra sits on both the Audit and Risk Management and the People and Remuneration Committees.

Sandra is a highly regarded company director and an experienced global executive in consumer goods industries, and importantly in the infant milk formula (IMF) market in China, with a proven track record of driving business and brand transformation, leveraging opportunities for growth, and building organisational capabilities across China as well as the USA and other parts of Asia.

As the former head of Mead Johnson Nutrition's Greater China business, Sandra was a member of the Mead Johnson Nutrition's Global leadership team. Prior to that, Sandra held various other senior executive roles at Mead Johnson Nutrition, including as the Global Marketing Vice President, responsible for transition to new digital media and e-commerce channels globally.

Sandra was also appointed as the non-executive chairwoman to lead RB China Advisory Board after the merger between Reckitt Benckiser and Mead Johnson Nutrition in 2017. Prior to joining Mead Johnson, Sandra held executive positions at Unilever, where she worked across Asia for thirteen years.

Sandra resides in Greater China.

EXECUTIVE LEADERSHIP TEAM

David Bortolussi

Managing Director and CEO

Bachelor of Commerce (University of Melbourne), FCA, F FIN, Member of the Australian Institute of Company Directors (MAICD)

Refer to page 68.

David Muscat

Chief Financial Officer

Bachelor of Commerce – Accounting and Finance (Monash University), CA

David joined the Group in October 2022. As CFO, David is responsible for finance, investor relations, risk and IT across the Group. David is an experienced finance and people leader with a history of working in a dual-listed company (NZX/ASX) and working directly with the Board of Directors and the Audit and Risk Management Committee.

Prior to joining the Group, David was the CFO of DIM Brands International (formerly Hanes Europe Innerwear), and prior to this was the CFO of Hanes Australasia. David was the CFO of ASX and NZX listed Pacific Brands prior to its takeover by Hanesbrands Inc. in 2016. David commenced his career at Deloitte and has since gained significant experience in consumer goods and retail sectors in various international markets, including China.

Jaron McVicar

Chief Legal and Sustainability Officer & Company Secretary

Bachelor of Laws (University of Otago)

Jaron joined the Group in November 2016 and is responsible for the Group's legal function and our important sustainability programme. In his role as Company Secretary, Jaron works closely with the Board on corporate governance and Board related matters.

Prior to joining the Group, Jaron worked in private practice for 15 years as a corporate and commercial lawyer in New Zealand and the UK.

Jaron is a qualified solicitor in New Zealand and England and Wales.

Chopin Zhang

Chief Supply Chain Officer

Master, Business Administration (Maastricht School of Management)

Chopin joined the Group in November 2022 and has over 35 years' experience in supply chain management with significant experience in China and New Zealand, including end to end supply chain management, manufacturing, quality, regulatory affairs and cross-border trade. Chopin has extensive experience in the China IMF market, having held senior executive and supply chain leadership roles with Yashili and Danone. During his career, Chopin has held additional supply chain senior leadership roles across Greater China, Asia Pacific and the USA with leading consumer goods companies including Starbucks, Nike and Johnson & Johnson.

Chopin's expertise in the China IMF industry and experience across New Zealand and China are highly relevant to his leadership of the transformation of the Company's supply chain to enable further market access, innovation and growth.

Edith Bailey

Chief Marketing Officer

Bachelor of Business – Marketing & Management (University of Technology, Sydney), Graduate of the Australian Institute of Company Directors (GAICD)

Edith joined the Company in December 2021 and is responsible for managing the strategic and creative direction of the *a2™* brand, overseeing the science and nutrition functions, developing integrated marketing programmes and leading product innovation.

Edith was previously Consumer Marketing Director of Danone's Specialised Nutrition division in ANZ, with Danone Nutricia's Specialised Nutrition division, having spent 14 years with the organisation in several senior marketing, sales, channel and category development positions. Edith has significant experience in the infant and adult nutrition categories across China, New Zealand, Australia and South East Asia.

Before her time at Danone, Edith held senior marketing roles with PepsiCo, Campbell Arnotts and S.C. Johnson & Son.

Amanda Hart

Chief People and Culture Officer

Bachelor of Business Administration (University of South Australia), Member of the Australian Institute of Company Directors (MAICD)

Amanda joined the Company in September 2021 and has extensive experience in people and culture roles within consumer products, telecommunications and media industries.

She is responsible for leading and executing integrated programmes and initiatives focused on constructive leadership development, capability building, employee engagement, health and safety, diversity and inclusion, and cultural change.

Prior to joining the Group, Amanda was previously Head of Human Resources (Australia and New Zealand) with Dyson Appliances and has experience in people and culture leadership roles both in the UK and USA and leading teams across APAC markets.

Xiao Li

Chief Executive Officer – Greater China

Bachelor of Arts in Business Admin, English (Heilongjiang University), Master, EMBA (China Europe International Business School)

Xiao joined the Group in April 2019 and is responsible for maximising the significant opportunities that the Greater China market presents for the Company, executing against our strategy and putting the right capabilities in place to deliver on these future growth opportunities.

Xiao has substantial experience building successful businesses in China across a diverse range of multinational and local fast growth consumer driven companies including Shell Company, Mars, Unilever and Nike. Xiao was previously the GM of Pousheng (HK listed sport retail), CEO of Burger King China and President of Wanda Kids Group and SVP of Wanda Group.

Executive Leadership Team (L-R): Chopin Zhang, Edith Bailey, Jaron McVicar, Amanda Hart, David Bortolussi, Yohan Senaratne, Xiao Li, Eleanor Khor, David Muscat, Kevin Bush.

Yohan Senaratne

Managing Director – International

Master (Business Administration) (Kellogg School of Management, Northwestern University), Bachelor Commerce, Bachelor Business Systems (Monash University), Member of the Australian Institute of Company Directors (MAICD)

Yohan is responsible for leading the Company's cross-border export business, primarily focused on English label IMF products manufactured in New Zealand and sold into China, including liquid milk and other nutritional products. Yohan is responsible for managing products sold through all channels, principally via the Daigou/reseller/O2O and cross-border e-commerce (CBEC) channels. The International team is also responsible for developing the Company's business in emerging markets.

Yohan brings capability in strategy, marketing, sales and e-commerce, and experience in infant milk nutrition and adjacent categories in China.

Yohan joined the Company in 2021 from his most recent role as Sales and Marketing Director at Bellamy's Organic. Yohan has also held multiple positions at Mondelez International, including Head of e-commerce for Australia, New Zealand and Japan. Prior to this, Yohan worked at ANZ Bank, focusing on retail banking digital transformation and with strategy consultancy LEK.

Eleanor Khor

Managing Director – ANZ and Strategy

Bachelor of Commerce/Bachelor of Laws (Hons) (University of Melbourne)

Eleanor joined the Company in August 2018, bringing a diverse range of experience, including her time as a corporate and M&A lawyer at Allens Linklaters, a management consultant at Bain & Co, and working in private equity with a focus on consumer goods businesses.

In May 2023, Eleanor's role was expanded to Managing Director – ANZ and Strategy, taking on the leadership of the Australia and New Zealand business in addition to the Strategy function.

As leader of the ANZ business, Eleanor is responsible for continuing to grow the Company's business in Australia and New Zealand to realise the full potential of the *a2 Milk™* brand, with a strong focus on driving growth through innovation.

Within the Strategy function, Eleanor is responsible for developing corporate and business strategy and the execution of key growth, performance improvement and potential M&A, joint venture and alliance initiatives.

Since joining the Company, Eleanor has spent significant time working across China and the Asia Pacific regions.

Kevin Bush

Managing Director – USA

B. Comm Marketing (Monash University), Graduate Certificate Data Analytics (UNSW), Member of the Australian Institute of Company Directors (MAICD)

Kevin was appointed to the role of Managing Director – USA in May 2023. Kevin is responsible for leading the Company's North American business and continuing to grow the brand and delivering its path to profitability. Kevin has recently been appointed as a director of the International Dairy Foods Association (IDFA) Fluid Milk Board.

Prior to this, Kevin was Executive General Manager – ANZ from July 2021. In this role, Kevin was responsible for leading the Company's business in Australia and New Zealand and the successful launch of *a2 Milk® Lactose Free*.

Kevin previously held the role of Sales Director – ANZ from July 2016 and was pivotal in growing the *a2 Milk®* liquid milk brand and driving increased market share. He has also overseen the successful establishment of the *a2 Platinum®* IMF brand in the South Korean market and various other business development initiatives across the Group.

Kevin is a highly experienced sales and marketing professional with extensive FMCG experience across Australian and UK markets and has held senior positions with leading consumer goods companies including Mars, Nestlé and McCain Foods.

REMUNERATION

Our remuneration framework is designed to appropriately align with our strategy and achievement of our short-term and long-term ambitions. The key principles of our remuneration framework are outlined below.

MARKET COMPETITIVE
Provide competitive rewards to attract, motivate and retain talented employees and executives relevant to the markets in which we operate.

BUSINESS STRATEGY
Drive delivery of the Company's strategy by rewarding performance and having a mix of short-term and long-term remuneration elements.

VALUES AND BEHAVIOURS
Be consistent with, and supportive of, the Company's values, ethical framework and commitment to good corporate governance.

SHAREHOLDER ALIGNMENT
Link rewards to the creation of sustainable value for shareholders, whilst avoiding inappropriate risk.

Remuneration governance

The People and Remuneration Committee (Committee) advises the Board on the policies and practices of the Company regarding the remuneration of non-executive directors, the Executive Leadership Team (ELT) (comprising the CEO and direct reports to the CEO) and other senior leaders of the Group, and reviews all components of the Group's remuneration practices relevant to its employees.
The Committee Charter sets out the objectives, responsibilities and authority of the Committee in relation to remuneration matters.

The Board's policy for remunerating ELT members and other leaders is to provide market-based remuneration packages comprising a blend of fixed and variable at-risk incentive-based remuneration, with clear links between individual and Company performance and individual reward. The Committee reviews the remuneration of ELT members and, as an aggregate, all other employees at least annually.

The Committee seeks external professional advice from time to time on remuneration matters. During FY24, external consultants were engaged to provide market practice information and benchmarking data. During the year, no remuneration recommendations were made by external consultants.

Remuneration policies and practices

All employees receive fixed remuneration. Selected employees also have variable remuneration in the form of a short-term incentive (STI) as part of their remuneration package. ELT members and selected other senior leaders also have a long-term incentive (LTI) in the form of equity as part of their remuneration package.

Remuneration packages for senior leaders are structured with a significant portion of variable reward at risk that can be earned by the achievement of performance outcomes. An appropriate remuneration mix is determined for each position, taking into consideration the employee's role and level of responsibility.

As disclosed in our FY23 Report, the Committee reviewed the CEO's remuneration framework. As a result of the review, in the FY23 year (and to continue for FY24) the Company's STI plan structure for the CEO includes a percentage of deferral as cash. In the interests of transparency and good governance, the Board will also continue its practice of voluntarily putting the CEO's FY25 LTI grant to shareholders on an advisory basis at the 2024 Annual Meeting of shareholders.

Managing ELT performance

Robust processes are in place for supporting and evaluating the performance of ELT members and other senior leaders.

The Board and CEO determine and agree annual targets and objectives for the Company based on the Company's strategic plan, supported by comprehensive and collaborative operational planning and financial budgeting processes. The CEO is accountable to the Board for the delivery of the agreed targets and objectives.

The targets and objectives agreed between the Board and the CEO are discussed with, and cascaded to, each of the other ELT members and captured in individual performance plans. The CEO uses the performance plans to facilitate individual conversations with the other ELT members. The performance discussions are documented and form the basis of the annual performance review that the CEO undertakes with each of the other ELT members at the end of the performance period.

The outcome of each of the ELT members' performance over the course of the year is one factor considered when any changes to fixed annual remuneration or any award of variable remuneration and incentives are determined.

During FY24, each ELT member who was an employee for the duration of the reporting period had a formal, annual performance discussion documented.

ELT remuneration framework

The ELT remuneration framework is designed to deliver high performance with substantial components at risk, with the aim of more closely aligning remuneration with the Company's strategy, objectives and risk tolerances as set out below.

The design of the ELT remuneration framework is based on our reward principles and is comprised of three components:

- Fixed Annual Remuneration (FAR) (base salary and statutory superannuation contribution where relevant)
- STI (variable remuneration)
- LTI (variable remuneration)

			TARGET	
COMPONENT	PURPOSE	LINK TO STRATEGY AND PERFORMANCE	CEO	ELT[2]
FAR	Provides market competitive remuneration to attract and retain talent while reflecting role scope, complexity, impact and accountabilities	– Based on skills and experience relevant to the role, individual performance and current level of remuneration relative to remuneration benchmarks – Reviewed on an annual basis with reference to independent external surveys and, where appropriate, is adjusted based on consideration of individual performance and market remuneration benchmarks	27%	29% – 43%
STI	Incentivises annual achievement of short-term performance measures against the Group performance scorecard	– Performance is assessed against a balanced scorecard, comprising financial performance measures and non-financial performance measures which align with the Company's value creation model (covering four key areas: People, Planet, Consumers and Shareholders)	32%[1]	26% – 33%
LTI	Aligns reward with the creation of sustainable, longer-term shareholder value	– Aligns selected executives' remuneration with the Company's strategy and ambition, designed to create long-term shareholder value through sustained growth in revenue and earnings	41%	32% – 43%

1 25% of the CEO's Actual FY24 STI is deferred as cash for one year.
2 Excluding the CEO.

EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT (EXECUTIVE MSR)

The Executive MSR Policy applies to all members of the ELT. From time to time, additional employees may be identified to whom the Executive MSR Policy will apply. The purpose of the Executive MSR Policy is to strengthen the alignment between the interests of the ELT and the interests of shareholders and encourage a focus on building long-term shareholder value.

Each member of the ELT is required to acquire and hold a minimum shareholding equivalent to 100% of their FAR (before any tax or social security deductions) by the end of five annual vesting periods for LTI grants. All ELT members are currently expected to achieve the Executive MSR within this timeframe.

FY24 Short-Term Incentive (STI) plan

STI values and performance targets are approved by the Committee and Board each financial year. Payments made under the STI plan are in the form of cash. For FY24, the CEO's STI will continue to be 75% cash and 25% deferred as cash for one year. The FY24 STI plan provides that the amount payable will be determined by reference to:

Opportunity				Group Performance Outcome		Individual Performance Modifier		Outcome
FAR $	x	Target STI opportunity %	x	FY24 Group performance scorecard result % (detailed below)	x	Individual performance modifier %	=	STI award $

The STI plan incorporates a comprehensive assessment of Group performance, encompassing both financial and non-financial measures. The FY24 Group Performance Scorecard includes financial measures with a weighting of 65% and non-financial measures with a weighting of 35%, as set out in the table below.

For each objective there are threshold, target and maximum metrics (refer table below) to assess the Group's performance against. The outcomes range from 0% to 130%, with the target at 100% and outcomes are determined by the Board (excluding the CEO).

FY24 Group Performance Scorecard

FY24 STRATEGIC OBJECTIVES		METRIC	OUTCOME (THRESHOLD / TARGET / MAXIMUM)	WEIGHTING AT TARGET
Financial measures				**65%**
Shareholders		Revenue		**30%**
		Earnings before interest, tax, depreciation and amortisation (EBITDA)		**30%**
		Inventory management		**4%**
		Risk management		**1%**
Non-financial measures				**35%**
People		Safety performance, employee engagement and capability development		**5%**
Planet		Employee rating of a2MC sustainability impact, and progress on packaging and Scope 3 GHG emissions goals		**5%**
Consumers	**Brand health**	China brand health, Australian fresh milk and USA household penetration (with most weight placed on China outcomes)		**5%**
	Market share	China label IMF (MBS and DOL), English label IMF (CBEC and O2O + Daigou), Australian fresh milk and USA premium liquid milk (with most weight placed on China outcomes)		**5%**
	Innovation	China label new GB formulation transition, progress on innovation pipeline, market access, and sales from new products (China, ANZ, USA)		**10%**
	Quality and service	Quality outcomes and supply chain efficiency		**5%**
Scorecard outcome (% of target)				**96%**

The outcome of the FY24 Group Performance Scorecard determined by the Board for all ELT members (including the CEO) was 96%, reflecting that an outcome of 68% was achieved against financial measures and an outcome of 28% was achieved against non-financial measures. This reflects the outcomes determined by the Board in relation to the individual Group Performance Scorecard measures set out in the table above.

FY24 Long-term incentive (LTI) plan

The table below outlines the key features of the FY24 LTI.

Features	Approach
Purpose	– The LTI plan is designed to reward performance in support of the achievement of the Company's strategy: targeting profitable, long-term revenue and EPS growth, which requires appropriate investment.
Participants	– Participation in the LTI plan is by invitation only, at the sole and absolute discretion of the Board. – In FY24, ELT members and selected other senior leaders participated.
Opportunity	– The maximum face value of the LTI that can be granted for the CEO is 150% of FAR and, for the ELT, ranges from 75% to 150% of FAR. The minimum potential outcome value is zero.
Performance/ vesting period	– Three years from 1 July 2023 to 30 June 2026. – There is no retesting of performance if the performance hurdles are not met at the end of the performance period.
Instrument	– Performance rights – each performance right entitles the participant to receive one fully paid share in the Company, subject to meeting performance hurdles. – It is currently intended that, where possible in accordance with relevant laws, the Company will satisfy its obligation to allocate ordinary shares upon the vesting of performance rights by instructing the trustee of the a2MC Group Employee Share Trust to transfer existing shares held in the trust to each participant, where such existing shares were previously purchased by the trustee on market.
Allocation approach	– The Company uses a maximum face value allocation approach. The number of rights granted were calculated as follows: **Grant opportunity**: FAR $ x Maximum LTI opportunity % ÷ **Share price**: Share price[1] (no discount applied) = **Number of rights**: Number of performance rights granted 1 In accordance with the ASX listing rules, the share price used was the volume weighted average share price of ordinary shares in the Company based on the ten trading days up to and including 11 October 2023.
Dividend payments	– No dividends or dividend equivalent payments are provided on performance rights.
Board discretion	– The Board may forfeit performance rights for fraud, dishonesty, breach of a material obligation or acting in a manner that brings the Company into disrepute, or if there has been a material misstatement or omission that results in a restatement of accounts.

Performance conditions	The performance rights vest subject to achievement of both: – EPS CAGR (compound annual growth in diluted earnings per ordinary share); and – Revenue CAGR (compound annual growth in total external revenue), performance hurdles over the performance period. **Vesting Framework** For any vesting to occur, both of the following must be achieved: – EPS CAGR of at least 10%; and – Revenue CAGR of at least 4%, in each case, from 1 July 2023 to 30 June 2026. If these performance hurdles are achieved, the proportion of performance rights that may vest will be determined on a straight-line basis per the table below:

Revenue CAGR	Vesting % (if EPS CAGR of at least 10%)
Less than 4%	Nil
4%	50%
Between 4% and 6%	Pro-rata vesting on a straight-line basis between 50% and 85%
6%	85%
Between 6% and 8%	Pro-rata vesting on a straight-line basis between 85% and 100%
8% and above	100%

	Calculation approach EPS CAGR and Revenue CAGR are derived from the annual report of the Company for the relevant financial years. The EPS CAGR and Revenue CAGR performance hurdles have been determined having regard to the Company's growth strategy and medium-term financial ambition to grow revenue to NZ$2 billion by FY27 or later and to target EBITDA margins in the 'teens' with year-on-year improvements. The Board considers the performance hurdles sufficiently challenging to align with shareholder value creation, but still being motivating for, and viewed as achievable by, senior executives and managers invited to participate in the LTI Plan. The high end of the Revenue CAGR hurdles would deliver revenue over NZ$2 billion by FY26, exceeding the Company's medium-term financial ambition. The EPS CAGR is above the high end of the Revenue CAGR range to incentivise and promote margin accretion over the term of the plan. Achieving such performance hurdles would require significant market share gains in the Company's core infant milk formula business in the China market which is currently in market value and volume decline, as well as a significant improvement in Group profitability.
Cessation of employment, change of control, bonus issue or reorganisation of capital	– Subject to the discretion of the Board or unless employment is terminated by the Company other than for fault, the participant retires or employment ceases due to total and permanent disablement, serious illness or death, unvested performance rights will be forfeited upon cessation of employment. – If performance rights are not subject to forfeiture, the Board may in its discretion reduce the number of performance rights to reflect the proportion of the vesting period that has elapsed and/or accelerate vesting. – Subject to the discretion of the Board, performance rights may be subject to accelerated vesting if the Company is subject to a change of control. – Adjustments to the number of performance rights, or the number of Company shares to which they relate, may be made following any bonus issue of Company shares or reorganisation of its capital.

Performance rights granted in FY24

During the year, the Board authorised the grant of 3,069,769 performance rights under the LTI plan in respect of FY24.

Further details on the current LTI plan and previous plans can be found at Note F2 to the financial statements.

Normalisation adjustments

Relevant STI and LTI metrics are adjusted to remove the impact of such items as the Board may determine in its absolute discretion to normalise results (up or down) to more appropriately reflect underlying performance. Without limitation, adjustments may be made to exclude the impact of unusual or one-off items, discontinued operations, impairment charges, acquisitions and disposals, and capital management. No normalisation adjustments were made to STI and LTI metrics in FY24.

Remuneration of CEO – David Bortolussi

David commenced his appointment as Managing Director and CEO on 8 February 2021. Details of his remuneration arrangements are set out below.

Term

There is no fixed term. David's employment is ongoing until terminated by either David or the Company.

Fixed Annual Remuneration

A$1,934,256 per annum (inclusive of superannuation) in FY24, to be reviewed annually.

For FY25, the Board has decided not to increase David's base salary, with an incremental change only in superannuation in line with the change in statutory limits.

STI

On an annual basis, David participates in the Company's STI plan. For FY24, his STI incentive target is 120% of his FAR, subject to the achievement of the Group Performance Scorecard and individual performance objectives as determined by the Board (excluding David). In FY24, the Group Performance Scorecard outcome range is from 0% to 130% and David's individual performance multiplier range is from 0% to 130% which is consistent with the prior year.

For FY25 and subsequent years, the Board has decided to cap the maximum combined impact of David's Group Performance Scorecard outcome and individual performance modifier to apply to his target STI opportunity to 130%. This compares to a theoretical maximum combined impact of 169% (i.e. 130% x 130%) in FY24 and prior years.

As implemented last year, payment of 25% of the amount awarded to the CEO is deferred as cash for one year.

David's STI payment in FY24 is determined in accordance with the following:

FAR $	x	Target STI opportunity %	x	FY24 Group Scorecard result % (detailed below)	x	Individual performance modifier %	=	STI award $

75% of David's STI payment will be paid in cash shortly following the Board's determination and the remaining 25% paid in cash after one year.

LTI

Subject to Board discretion, on an annual basis David will be invited to be granted performance rights under the Company's LTI plan. Prior to FY24, performance rights issued to David were issued on the basis that they may only be satisfied on exercise with ordinary shares purchased on market.

As noted above, the Board will also be submitting the CEO's LTI grant for the FY25 LTI plan to shareholders on an advisory basis at the Annual Meeting in 2024.

Allowance

An allowance of A$10,000 per month (net of tax) is paid to assist David with the cost of his accommodation in Sydney and travel between Melbourne and Sydney.

Notice period

Generally, resignation by David requires six months' notice and termination (other than for cause) by the Company requires twelve months' notice.

Leave

Five weeks per annum paid annual leave.

Other terms

The agreement also includes standard terms covering expense reimbursement, conflicts of interest, confidentiality, intellectual property and moral rights, clawbacks and restraints upon termination (which address non-competition, as well as non-solicitation of employees, customers and suppliers).

Total CEO remuneration earned

The remuneration accrued for David Bortolussi in the financial year was as follows:

Statutory remuneration accounting expense	FY24 A$	FY23 A$
FAR[1]	1,934,256	1,867,666
Cash STI[2]	2,228,263	2,129,140
Allowance[3]	226,416	226,416
LTI[4]	2,701,108	3,583,205
Other equity[5]	–	476,748
Total remuneration	**7,090,043**	**8,283,175**

1 FY24 base salary was increased by 3.5% vs FY23 with an incremental change in superannuation.
2 No change to CEO STI target levels in FY23 and FY24; 95% and 96% of target awarded in each year respectively, including accrued deferred component (25%).
3 No change to relocation allowance.
4 FY21 grant was expensed across two years with a higher annual expense rolling off in FY23 (all other grants expensed over three years), and a reduction of vesting percent assumption in the FY23 and FY24 grants impacting statutory accrued remuneration.
5 All remaining time-based rights vested in FY23.

As noted on page 77, for FY24, David is entitled to receive an STI payment at target of 120% of his FAR modified for Group and individual performance. The Board has determined that the Group Performance Scorecard outcome is 96% and David's individual performance multiplier is 100%. As a result, a payment in the amount of A$2,228,263 is to be made to David under the FY24 STI plan representing 96% of target, with 25% to be paid as cash after one year.

Total CEO remuneration received

The remuneration received by David Bortolussi in the financial year is outlined in the table below.

Remuneration received	FY24 A$	FY23 A$
FAR[1]	1,934,256	1,867,666
STI paid[2]	1,596,854	2,251,031
Allowance[3]	226,416	226,416
LTI[4]	2,249,312	–
Other equity[5]	–	1,042,795
Total remuneration received	**6,006,838**	**5,387,908**

Cash payments
1 FY24 base salary was increased by 3.5% vs FY23 with an incremental change in superannuation.
2 FY23 STI figure reflects the FY22 STI payment made in September 2022. During FY23, the Board revised the Company's STI plan to include a 25% deferral of the CEO's STI for one year. The FY24 figure reflects the FY23 STI payment made in September 2023 with 25% deferred to be paid in September 2024.
3 No change to relocation allowance.
Vesting of prior year awards (equity)
4 FY21 LTI grant vested in FY24 (August 2023). No LTI grants vested in FY23.
5 All remaining time-based rights vested in FY23.

LTI – granted in FY24

In FY24, 690,066 performance rights vesting in or around August 2026 were granted to David under the Company's LTI Plan. The CEO's FY24 LTI Grant was included as a resolution on an advisory basis at the 2023 Annual Meeting.

Other than to meet any tax obligations, no shares held by David can be sold until he holds sufficient shares to meet the Company's minimum shareholding requirement under the MSR Policy.

Non-executive directors' remuneration policy and structure

Non-executive director fees are paid from an aggregate annual fee pool of $1,365,000, as approved by shareholders at the Annual Meeting on 20 November 2018. Non-executive directors do not receive variable pay.

The table below provides a summary of FY24 Board and Committee fees:

	Position	Fees per annum $
Board of Directors	Chair	375,000[1]
	Member	165,000
Audit and Risk Management Committee	Chair	35,000
	Member	16,500
People and Remuneration Committee	Chair	35,000
	Member	16,500
Nomination Committee[2]	Chair	22,000
	Member	11,000

1 No additional fees are paid to the Board Chair for Committee roles. From 17 November 2023, the Chair fee was increased from NZD 265,000 to NZD375,000 per annum.
2 The Nomination Committee was disbanded on 16 November 2023 and no additional Chair or member fees were paid subsequently.

Remuneration paid to non-executive directors of the Company for the year ended 30 June 2024 was as follows:

		Committee fees			
	Board fees	Audit and Risk Management	People and Remuneration	Nomination	Total fees
	$	$	$	$	$
Pip Greenwood (Chair)[1]	295,455	6,250	–	8,333	310,038
David Hearn (Chair)[2]	101,383	–	–	–	101,383
Warwick Every-Burns	165,000	16,500	35,000	–	216,500
Kate Mitchell	165,000	35,000	–	–	200,000
David Wang	165,000	16,500	16,500	–	198,000
Sandra Yu	165,000	16,500	16,500	–	198,000
Total	**1,056,838**	**90,750**	**68,000**	**8,333**	**1,223,921**

1 Pip Greenwood was appointed as Chair with effect from 16 November 2023.
2 David Hearn retired on 16 November 2023.

No other benefits such as share options or special exertion payments were paid to directors.

No director of a subsidiary company was remunerated in their capacity as a director.

Board structure and non-executive fees

Following the retirement of the Deputy Chair and Chair, it was timely to review the Board and Committee structures and fees upon the appointment of Pip Greenwood to Chair. The People and Remuneration Committee instructed an expert consultant to undertake an independent review of external market data (a2MC ASX and NZX peer group) to assess fees for Chair, Non-Executive Director (NED) and Committee chairs and members.

It was determined that Board committees could be simplified to improve efficiency and reduce the number of Directors sitting on the Audit and Risk Management Committee. The Nominations Committee was disbanded and therefore no fees were attributed to Nomination Committee membership after the review.

The expert review informed the People and Remuneration Committee's assessment of the appropriate Chair fee which was reviewed and approved by the Board (excluding Pip Greenwood).

Director Minimum Shareholding Requirement

A Minimum Shareholding Requirement (Director MSR) Policy applies to all directors. The purpose of this Director MSR Policy is to strengthen the alignment between the interests of directors and the interests of shareholders and encourage a focus on building long-term shareholder value. Under this policy, directors are required to acquire and hold, for the duration of their tenure on the Board, a minimum shareholding equivalent in value (at the time of purchase) to 100% of their fixed annual director fees (including committee fees) before any tax or social security deductions. Directors are expected to achieve the Director MSR within three years of becoming a director.

FINANCIAL STATEMENTS

Directors' approval of the financial statements

for the year ended 30 June 2024

The directors of The a2 Milk Company Limited are pleased to present the consolidated financial statements for The a2 Milk Company Limited (the Company) and its subsidiaries (together the Group) for the year ended 30 June 2024.

The directors are responsible for preparing and presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly the financial position of the Group as at 30 June 2024 and the results of its operations and cash flows for the period ended on that date.

The directors consider the financial statements of the Group to 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 directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

There are reasonable grounds to believe that the Company and the Group entities identified in Note E1 will be able to meet any liabilities to which they are, or may become, subject because of the Deed of Cross Guarantee between the Company and those Group entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.*

Pip Greenwood
Chair

18 August 2024

David Bortolussi
Managing Director and CEO

Independent auditor's report

for the year ended 30 June 2024

Building a better working world

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Independent auditor's report to the shareholders of The a2 Milk Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The a2 Milk Company Limited (the "Company") and its subsidiaries (together the "Group") on pages 88 to 140, which comprise the consolidated statement of financial position of the Group as at 30 June 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements on pages 88 to 140 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young has provided market research services in relation to brand health tracking and has also provided sustainability reporting advisory and assurance services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters.

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Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Customer rebates and promotional allowances

Why significant	How our audit addressed the key audit matter
Revenue and associated trade receivables are recognised net of rebates and promotional allowances paid or owed to customers based on their individual contractual arrangements. The recognition and measurement of rebates and promotional allowances, including the establishment of an appropriate accrual at year end, involves judgment and estimation, particularly relating to variable rebates and the expected level of rebate claims by the customers. This was considered a key audit matter given the value of rebates and promotional allowances provided to customers, together with the level of judgment involved in estimating this variable consideration at year end. Disclosures regarding revenue and the related rebates and promotional allowances are included in note B2 to the financial statements.	Our audit procedures included the following: ► Considered the appropriateness of the Group's revenue recognition accounting policies as they relate to rebates and promotional allowances. ► Understood the Group's processes and controls over the recording of rebates and promotional allowances. ► Selected a sample of customer contracts, determined whether variable rebates were calculated in accordance with the agreed terms and inquired of management as to the existence of any non-standard agreements or side arrangements with customers. ► Selected a sample of variable rebates recorded and assessed whether the timing and value of amounts recognised were in accordance with NZ IFRS. ► Compared a sample of customer claims for variable consideration and payments made subsequent to year end to recorded accruals. ► Considered the year end ageing profile of rebates and promotional allowances and inquired as to the likelihood of aged balances being settled. ► Considered the adequacy of the associated disclosures in the financial statements.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Maris.

Ernst & Young

Ernst & Young
Sydney
18 August 2024

Independent ESG Assurance Report

for the year ended 30 June 2024

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Independent Assurance Report to the Management and Directors of The a2 Milk Company Limited

Our Conclusions:

Reasonable assurance: In our opinion, the Reasonable Assurance Subject Matter for the year ended 30 June 2024 is prepared, in all material respects, in accordance with the Criteria defined below.

Limited assurance: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Limited Assurance Subject Matter for the year ended 30 June 2024 has not been prepared, in all material respects, in accordance with the Criteria defined below.

What we assured

Ernst & Young ('EY','we') were engaged by The a2 Milk Company ('a2MC') to provide reasonable assurance over the Subject Matter disclosed in a2MC's 2024 Annual Report (the 'Report') for the year ended 30 June 2024 in accordance with the noted Criteria, as defined in the following table:

Reasonable Assurance Subject Matter	Criteria
Planet	
Total Scope 1 emissions: 13,412 tCO_2-e	a2's own publicly disclosed criteria as outlined on page 38 of the Report
Total Scope 2 emissions as calculated using the location-based method: 4,507 tCO_2-e	
Total Scope 2 emissions as calculated using the market-based method: 149 tCO_2-e	

In addition, we were engaged by a2MC to provide limited assurance over the following subject matter in accordance with the noted Criteria, as defined in the following table:

Limited Assurance Subject Matter	Criteria
Planet	
Total Scope 3 emissions: 440,392 tCO_2-e	a2's own publicly disclosed criteria as outlined on page 38 of the Report
Total water usage: 314,071 '000 litres	a2's own publicly disclosed criteria as informed by the Global Reporting
Water efficiency: 1.6 litres/litre of milk	
Waste water diverted to beneficial land application: 1,133,900 litres	Initiative (GRI) Standards
Waste to landfill: 68 tonnes	
Waste diversion: 94.7 %	
Total electricity consumption: 42,600,000 kWh	
Proportion of packaging that is fully recyclable: 83.3%	
People	
Gender diversity – total workforce that are female: 51%	a2's own publicly disclosed criteria as informed by the GRI Standards
Product and cash donations: $2.97m NZD	

We also reviewed a2MC's reporting with reference to the GRI Standards (2021).

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion or conclusion on this information.

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Key responsibilities

a2MC's responsibility

a2MC's management is responsible for selecting the Criteria, and ensuring the Subject Matter is prepared, in all material respects, in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

For the limited assurance engagement, our responsibility is to express a conclusion on the Limited Assurance Subject Matter based on the evidence we have obtained. For the reasonable assurance engagement, our responsibility is to express an opinion on the Reasonable Assurance Subject Matter based on the evidence we have obtained.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

EY applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the assurance procedures

We conducted our assurance procedures in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000'), and where relevant *Assurance Engagements on Greenhouse Gas Statements* ('ASAE3410').

For the reasonable assurance engagement, these standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Reasonable Assurance Subject Matter is presented in accordance with the Criteria, and to issue a report.

For the limited assurance engagement, these standards require that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Limited Assurance Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

The nature, timing and extent of the assurance procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Description of assurance procedures performed

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Limited Assurance Subject Matter and related information and applying analytical and other appropriate procedures.

The Limited Assurance procedures we performed were based on our professional judgement and included, but were not limited to:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Assessed that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Identified and tested assumptions supporting calculations
- Tested, on a sample basis, underlying source information to assess the accuracy of the data
- Checked the aggregation of selected disclosures and transcription to the Report
- Checked the appropriateness of the presentation relating to the Subject Matter in the Report.

Additional reasonable assurance procedures we performed were based on professional judgement and included, but were not limited to:

- For our reasonable assurance of Scope 1 and Scope 2 greenhouse gas emissions, on a sample basis, agreed underlying data to source information to assess completeness of performance data, which included invoices, system extracts and other records.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion and reasonable assurance opinion.

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Inherent limitations

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

The greenhouse gas emissions quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, greenhouse gas procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify greenhouse gas emissions within the bounds of existing scientific knowledge.

Additional inherent limitations – limited assurance scope

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Additional inherent limitations – reasonable assurance scope

While our procedures performed for our reasonable assurance engagement are of a higher level of assurance, due to the use of sampling techniques, it is not a guarantee that it will always detect material misstatements.

Other matters

Our report does not extend to any disclosures or assertions made by a2MC relating to future performance plans and/or strategies disclosed in a2MC's 2024 Annual Report.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the directors of a2MC, or for any purpose other than that for which it was prepared.

N Landsbergen

Nicky Landsbergen
Partner

Ernst & Young

Ernst & Young
Sydney, Australia
18 August 2024

Consolidated statement of comprehensive income

for the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Sales	B1	1,673,323	1,591,088
Cost of sales		(906,694)	(851,925)
Gross margin		766,629	739,163
Other revenue	B1	2,128	1,782
Distribution expenses		(50,184)	(50,832)
Marketing expenses		(280,098)	(260,229)
Administrative and other expenses		(236,234)	(228,663)
Operating profit		202,241	201,221
Interest income		40,396	26,733
Finance costs	B4	(4,497)	(5,092)
Net finance income		35,899	21,641
Profit before tax		238,140	222,862
Income tax expense	B6	(84,258)	(78,021)
Profit for the year		153,882	144,841
Profit/(loss) for the year attributable to:			
Owners of the Company		167,577	155,638
Non-controlling interests		(13,695)	(10,797)
		153,882	144,841
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation profit/(loss)		939	(6,448)
Cash flow hedges fair value profit		3,721	12,368
Items not to be reclassified to profit or loss:			
Listed investment fair value loss	C7	(62,211)	(63,295)
Total other comprehensive loss, net of tax		(57,551)	(57,375)
Total other comprehensive (loss)/income attributable to:			
Owners of the Company		(57,862)	(58,270)
Non-controlling interests		311	895
		(57,551)	(57,375)
Total comprehensive income		96,331	87,466
Total comprehensive income/(loss) attributable to:			
Owners of the Company		109,715	97,368
Non-controlling interests		(13,384)	(9,902)
		96,331	87,466
Earnings per share			
Basic (cents per share)	B5	23.19	21.23
Diluted (cents per share)	B5	23.06	21.13

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2024

	Attributable to owners of the Company										
Year ended 30 June 2024	**Foreign currency translation reserve $'000**	**Fair value revaluation reserve $'000**	**Employee equity settled payments reserve $'000**	**Treasury shares reserve $'000**	**Hedging reserve $'000**	**Total reserves $'000**	**Retained earnings $'000**	**Share capital $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance 1 July 2023	(6,780)	(216,816)	61,247	(13,602)	(1,528)	(177,479)	1,323,199	100	1,145,820	3,681	1,149,501
Profit after tax for the period	–	–	–	–	–	–	167,577	–	167,577	(13,695)	153,882
Foreign currency translation differences – foreign operations	939	–	–	–	–	939	–	–	939	–	939
Changes in cash flow hedges taken to equity	–	–	–	–	(882)	(882)	–	–	(882)	(85)	(967)
Cash flow hedges reclassified to profit or loss	–	–	–	–	5,257	5,257	–	–	5,257	396	5,653
Listed investment – fair value movement	–	(62,211)	–	–	–	(62,211)	–	–	(62,211)	–	(62,211)
Income tax	–	–	–	–	(965)	(965)	–	–	(965)	–	(965)
Total comprehensive income for the period	939	(62,211)	–	–	3,410	(57,862)	167,577	–	109,715	(13,384)	96,331
Transactions with owners in their capacity as owners:											
Employee withholding tax payments	–	–	(235)	–	–	(235)	–	–	(235)	–	(235)
Treasury shares transferred	–	–	(4,896)	4,896	–	–	–	–	–	–	–
Share-based payments	–	–	10,727	–	–	10,727	–	–	10,727	–	10,727
Income tax	–	–	449	–	–	449	–	–	449	–	449
Total transactions with owners	–	–	6,045	4,896	–	10,941	–	–	10,941	–	10,941
Balance 30 June 2024	(5,841)	(279,027)	67,292	(8,706)	1,882	(224,400)	1,490,776	100	1,266,476	(9,703)	1,256,773

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2024

	Attributable to owners of the Company										
Year ended 30 June 2023	**Foreign currency translation reserve $'000**	**Fair value revaluation reserve $'000**	**Employee equity settled payments reserve $'000**	**Treasury shares reserve $'000**	**Hedging reserve $'000**	**Total reserves $'000**	**Retained earnings $'000**	**Share capital $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance 1 July 2022	(332)	(153,521)	46,311	(15,798)	(13,001)	(136,341)	1,167,561	149,157	1,180,377	13,583	1,193,960
Profit after tax for the period	–	–	–	–	–	–	155,638	–	155,638	(10,797)	144,841
Foreign currency translation differences – foreign operations	(6,065)	–	–	–	–	(6,065)	–	–	(6,065)	–	(6,065)
Changes in cash flow hedges taken to equity	–	–	–	–	(2,559)	(2,559)	–	–	(2,559)	(167)	(2,726)
Cash flow hedges reclassified to profit or loss	–	–	–	–	17,449	17,449	–	–	17,449	1,062	18,511
Listed investment – fair value movement	–	(63,295)	–	–	–	(63,295)	–	–	(63,295)	–	(63,295)
Income tax	(383)	–	–	–	(3,417)	(3,800)	–	–	(3,800)	–	(3,800)
Total comprehensive income for the period	(6,448)	(63,295)	–	–	11,473	(58,270)	155,638	–	97,368	(9,902)	87,466
Transactions with owners in their capacity as owners:											
Share buyback	–	–	–	–	–	–	–	(149,057)	(149,057)	–	(149,057)
Treasury shares transferred	–	–	(2,196)	2,196	–	–	–	–	–	–	–
Share-based payments	–	–	17,132	–	–	17,132	–	–	17,132	–	17,132
Total transactions with owners	–	–	14,936	2,196	–	17,132	–	(149,057)	(131,925)	–	(131,925)
Balance 30 June 2023	(6,780)	(216,816)	61,247	(13,602)	(1,528)	(177,479)	1,323,199	100	1,145,820	3,681	1,149,501

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

as at 30 June 2024

	Note	2024 $'000	2023 $'000
Assets			
Current assets			
Cash and term deposits	D3	968,943	802,234
Trade and other receivables	C1	78,070	79,216
Prepayments		52,545	45,682
Inventories	C2	179,648	193,440
Other financial assets	C7	8,739	1,536
Total current assets		1,287,945	1,122,108
Non-current assets			
Property, plant and equipment	C4	231,433	245,216
Right-of-use assets	D5	25,921	17,349
Investment property	C5	30,845	17,927
Intangible assets	C6	111,093	108,419
Other financial assets	C7	13,509	72,078
Deferred tax assets	B6	34,129	28,617
Total non-current assets		446,930	489,606
Total assets		1,734,875	1,611,714
Liabilities			
Current liabilities			
Trade and other payables	C3	347,569	313,212
Lease liabilities	D5	5,598	4,181
Loans and borrowings	D6	–	15,000
Income tax payable		57,384	43,314
Other financial liabilities	C8	6,223	3,501
Total current liabilities		416,774	379,208
Non-current liabilities			
Trade and other payables	C3	532	423
Lease liabilities	D5	22,732	15,309
Loans and borrowings	D6	37,890	67,038
Other financial liabilities	C8	174	235
Total non-current liabilities		61,328	83,005
Total liabilities		478,102	462,213
Net assets		1,256,773	1,149,501
Equity			
Share capital	D7	100	100
Retained earnings		1,490,776	1,323,199
Reserves	D8	(224,400)	(177,479)
Total equity attributable to owners of the Company		1,266,476	1,145,820
Non-controlling interests		(9,703)	3,681
Total equity		1,256,773	1,149,501

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		1,676,703	1,619,580
Payments to suppliers and employees		(1,382,247)	(1,492,140)
Interest received		40,353	22,420
Interest paid		(3,439)	(3,663)
Taxes paid		(75,626)	(34,914)
Net cash inflow from operating activities	D4	255,744	111,283
Cash flows from investing activities			
Payments for property, plant and equipment		(17,020)	(10,069)
Payments for investment property	C5	(14,405)	(3,535)
Payments for intangible assets	C6	(3,506)	(338)
Investment in unlisted shares	C7	(2,205)	–
Payments for term deposits		(750,000)	(450,000)
Receipts from term deposits		750,000	450,000
Net cash outflow from investing activities		(37,136)	(13,942)
Cash flows from financing activities			
Payments for share buyback		–	(149,057)
Payments of lease principal	D5	(4,809)	(3,578)
Net repayments of borrowings		(45,000)	(25,794)
Net cash outflow from financing activities		(49,809)	(178,429)
Net increase/(decrease) in cash and short-term deposits		168,799	(81,088)
Cash and short-term deposits at the beginning of the year		352,234	437,308
Effect of exchange rate changes on cash		(2,090)	(3,986)
Cash and short-term deposits at the end of the year	D3	518,943	352,234

The accompanying notes form part of these financial statements.

Notes to the financial statements

Basis of preparation

for the year ended 30 June 2024

A. Basis of preparation

The a2 Milk Company Limited (the Company) is a for-profit entity incorporated and domiciled in New Zealand. The consolidated financial statements of the Company for the year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is registered in New Zealand under the Companies Act 1993, and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is also registered as a foreign company in Australia under the *Corporations Act 2001* (Cth, Australia). The shares of The a2 Milk Company Limited are publicly traded on New Zealand's Exchange (NZX), the Australian Securities Exchange (ASX) and Cboe Australia (CXA). The Group's reporting currency is the New Zealand dollar.

The principal activity of the Company is the sale of branded products in targeted markets made with milk naturally containing the A2-type protein.

The consolidated financial statements were authorised for issue by the directors on 18 August 2024.

The consolidated financial statements:

- Have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand;
- Comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS);
- Comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB);
- Are presented in New Zealand dollars, which is the Company's functional currency, with all values rounded off to the nearest thousand dollars, unless otherwise stated; and
- Have been prepared in accordance with the historical cost convention and, except for listed and unlisted investments and foreign currency forward contracts, do not take into account changing money values or fair values of assets.

Certain comparative amounts have been reclassified to conform with the current period's presentation.

Material accounting policies have been:

- Included in the relevant note to which each policy relates, other than the accounting policy for foreign currency, set out below; and
- Consistently applied to all periods presented in these consolidated financial statements.

Accounting policy: Foreign currency

Transactions

Foreign currency transactions are initially translated to the respective functional currencies of Group companies at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate ruling at the reporting date. Foreign exchange differences are generally recognised in profit or loss in the consolidated statement of comprehensive income.

Foreign operations translation to reporting currency

The assets and liabilities including goodwill and fair value adjustments arising on consolidation of foreign operations are translated into New Zealand currency at rates of exchange current at the reporting date, while revenues and expenses are translated at approximately the exchange rates ruling at the date of the transaction. Exchange differences arising on translation are recognised in other comprehensive income and accumulated within equity in the foreign currency translation reserve.

Judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions including climate-related risks and opportunities.

- This may affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
- Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
  - Note B6: Income taxes – Recoverability and recognition of deferred tax assets and liabilities
  - Note B6: Income taxes – Application of base erosion and profit shifting (BEPS) Pillar Two Model Rules
  - Note C2: Inventories – Estimation of net realisable value
  - Note C4: Property, plant and equipment – Recoverability and determination of useful lives
  - Note C5: Investment property – Recoverability and determination of useful lives
  - Note C6: Intangible assets – Impairment review of goodwill and intangibles
  - Note C6: Intangible assets – Allocation of goodwill
  - Note C7 and C8: Other financial assets and liabilities – Fair value measurement of foreign currency forward contracts
  - Note D5: Leases – Determination of lease term
- The Group considers the impact of climate change when making judgements, estimates and assumptions. This includes a wide range of possible impacts on the Group due to both physical and transitional risks and how these may impact the Group.

Changes in material accounting policies

The Group has applied the following new and revised Standards and Interpretations issued by the New Zealand External Reporting Board that are relevant to the Group's operations and effective for the current accounting period. Their application has not had any material impact on the Group's assets, profits or earnings per share for the year ended 30 June 2024.

Material accounting policy information

The Group has adopted Disclosure of Accounting Policies (Amendments to NZ IAS 1 and IFRS Practice Statement 2) from 1 July 2023. The amendments require disclosure of material accounting policy information, instead of significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, as well as the disclosure of entity-specific accounting policy information that is more relevant for the users' understanding of the financial statements than generic information. The amendments did not result in any changes to the accounting policies.

BEPS Pillar Two Model Rules

The Group has adopted the International Tax Reform – Pillar Two Model Rules – Amendments to NZ IAS 12 approved by the New Zealand External Reporting Board from the issuance date of 10 August 2023. The amendments provide a temporary mandatory exception from deferred tax accounting, which applies retrospectively and require new disclosures in the annual financial statements in relation to the implementation of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development. The Group has applied the exception with immediate effect. Further information on the position of the Group as at 30 June 2024 is provided in Note B6. Income taxes.

New standards and interpretations not yet adopted

There are no new standards and interpretations that are issued, but not yet mandatorily effective as at 30 June 2024, that are expected to have a material impact on the Group in current or future reporting periods.

Group performance

for the year ended 30 June 2024

B. Group performance

This section explains the results and performance of the Group for the year, including segment information, earnings per share and taxation.

The Group's key performance measures are segment revenue and segment results before interest, tax, depreciation and amortisation (Segment EBITDA, a non-GAAP measure). Further information and analysis of performance can be found in the CEO's year in review report, which forms part of the Annual Report.

B1. Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on geographical location, and in the current financial year it has four reportable operating segments as follows:

- The *China and Other Asia* segment receives external revenue from the sale of infant milk formula, other nutritional products and milk.
- The *Australia and New Zealand* segment receives external revenue from the sale of infant milk formula, milk and other nutritional products along with rent, royalty and licence fee income.
- The *USA* segment receives external revenue from the sale of milk, infant milk formula and from licence fee income.
- The *Mataura Valley Milk* segment receives external revenue from the manufacturing and sale of nutritional and ingredients products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is assessed on segment EBITDA and is measured in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

B1. Operating segments (continued)

2024	China and Other Asia $'000	Australia and New Zealand $'000	USA $'000	Mataura Valley Milk $'000	Eliminations $'000	Total $'000
Consolidated sales	1,143,069	315,531	113,297	101,426	–	1,673,323
Other revenue	–	1,768	360	–	–	2,128
Total external revenue	1,143,069	317,299	113,657	101,426	–	1,675,451
Inter-segment revenue	–	–	–	34,996	(34,996)	–
Reportable segment revenue	1,143,069	317,299	113,657	136,422	(34,996)	1,675,451
Reportable segment results (Segment EBITDA)	290,120	62,987	(15,463)	(20,457)	(467)	316,720
Corporate EBITDA						(82,376)
Group EBITDA						234,344
Interest income						40,396
Interest expense						(4,401)
Depreciation and amortisation						(32,199)
Income tax expense						(84,258)
Consolidated profit after tax						153,882

2023	China and Other Asia $'000	Australia and New Zealand $'000	USA $'000	Mataura Valley Milk $'000	Eliminations $'000	Total $'000
Consolidated sales	1,002,164	370,249	104,731	113,944	–	1,591,088
Other revenue	–	1,445	337	–	–	1,782
Total external revenue	1,002,164	371,694	105,068	113,944	–	1,592,870
Inter-segment revenue	–	–	–	32,270	(32,270)	–
Reportable segment revenue	1,002,164	371,694	105,068	146,214	(32,270)	1,592,870
Reportable segment results (Segment EBITDA)	254,055	93,506	(23,311)	(26,486)	–	297,764
Corporate EBITDA						(78,466)
Group EBITDA						219,298
Interest income						26,733
Interest expense						(4,972)
Depreciation and amortisation						(18,197)
Income tax expense						(78,021)
Consolidated profit after tax						144,841

Group performance

for the year ended 30 June 2024

B1. Operating segments (continued)

Other segment information

2024	China and Other Asia $'000	Australia and New Zealand $'000	USA $'000	Mataura Valley Milk $'000	Corporate $'000	Total $'000
Additions to non-current assets	2,249	17,478	20	16,077	6,492	42,316
Depreciation and amortisation	2,346	4,845	535	19,288	5,185	32,199
2023						
Additions to non-current assets	5,118	7,716	17	6,289	7,197	26,337
Depreciation and amortisation	1,885	4,168	564	9,006	2,574	18,197

Geographical information

	2024 $'000	2023 $'000
Revenue from external customers based on the location of the customer		
China	1,125,608	985,257
Australia	307,622	355,841
USA	113,657	105,068
New Zealand	111,102	129,798
Other	17,462	16,906
	1,675,451	1,592,870
Non-current assets based on the geographical location of assets[1]		
New Zealand	234,917	234,640
Australia	55,220	44,535
China	4,877	4,982
USA	1,895	2,407
	296,909	286,564

1 Non-current assets exclude goodwill, financial instruments and deferred tax assets.

B2. Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical location (reportable segments) and major product types.

2024	China and Other Asia $'000	Australia and New Zealand $'000	USA $'000	Mataura Valley Milk $'000	Total $'000
Infant milk formula:					
China label	612,344	–	–	–	612,344
English and other labels[1]	447,834	98,524	824	–	547,182
Liquid milk[2]	–	190,168	112,473	–	302,641
Other nutritionals[3]	82,891	26,839	–	–	109,730
Ingredients	–	–	–	101,426	101,426
Other revenue	–	1,768	360	–	2,128
	1,143,069	317,299	113,657	101,426	1,675,451

2023	China and Other Asia $'000	Australia and New Zealand $'000	USA $'000	Mataura Valley Milk $'000	Total $'000
Infant milk formula:					
China label	559,336	–	–	–	559,336
English and other labels[1]	386,226	162,508	–	–	548,734
Liquid milk[2]	–	184,094	104,731	–	288,825
Other nutritionals[3]	56,602	23,647	–	–	80,249
Ingredients	–	–	–	113,944	113,944
Other revenue	–	1,445	337	–	1,782
	1,002,164	371,694	105,068	113,944	1,592,870

1 Revenue is allocated based on management responsibility and usually reflects the geographical location of the Group's wholesale customers. It is understood that the majority of the infant milk formula sales to customers in the Australia and New Zealand segment are ultimately consumed in China.

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

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

Group performance

for the year ended 30 June 2024

B2. Revenue (continued)

Recognition and measurement

Sales of products

The Group sells branded milk products made with milk from cows that are specially selected to produce milk that naturally contains the A2-type protein, to wholesale and retail customers; and manufactures nutritional and ingredients products for sale to wholesale customers.

A sale is recognised when control of the product has transferred, being when the product is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product.

Revenue from sales is recognised based on arrangements as agreed with the customer. These arrangements are applied on an order by order basis and do not commit the customers to purchase a specified quantity or type of product; nor do they commit the Group to deliver a specified quantity or type of product. The arrangements set out the terms and conditions that apply to the parties each time an order is placed by a customer and accepted by the Group, creating a sale contract for that order. The terms and conditions cover, as appropriate to the customer, pricing, settlement of liabilities, return policies and any other negotiated performance obligations.

Revenue is recognised after offsetting items of variable consideration such as rebates agreed with customers.

Settlement terms range from cash-on-delivery or prepaid terms to various credit terms not exceeding 60 days from end of month. These terms reflect assessment of customer credit risk and industry practice.

Customer contract liabilities refer to payments in advance received from customers, with subsequent delivery to customers, and recognition of revenue, generally occurring within a week of receipt of the payment. Refer to Note C3 for details of customer contract liability balances.

For credit customers a receivable is recognised when the products are delivered, being the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

B3. Expenses

	2024 $'000	2023 $'000
Profit before income tax includes the following significant items:		
Salary and wage costs	103,384	98,366
Equity settled share-based payments (refer to note F2)	10,727	17,132
Directors' fees	1,203	1,319
Bad and doubtful debts recovery	(43)	(78)
Depreciation and amortisation	32,199	18,197
Net foreign exchange losses/(gains)	2,436	(8,853)
Cash flow hedge losses	5,653	18,511

B4. Finance costs

	2024 $'000	2023 $'000
Interest expense – lease liabilities	1,493	640
Interest expense	2,908	4,332
Finance costs	96	120
	4,497	5,092

B5. Earnings per share (EPS)

	2024	2023
Profit attributable to members of the Company used in calculating basic and diluted EPS ($'000)	167,577	155,638
Weighted average number of ordinary shares ('000) for basic EPS	722,777	733,065
Effect of dilution due to performance rights ('000)	3,784	3,610
Weighted average number of ordinary shares ('000) for diluted EPS	726,561	736,675
Earnings per share		
Basic EPS (cents)	23.19	21.23
Diluted EPS (cents)	23.06	21.13

Recognition and measurement

Basic EPS is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS adjusts basic EPS for the dilutive effect of employee share rights that may be converted into ordinary shares in the Company.

B6. Income taxes

	2024 $'000	2023 $'000
Income tax recognised in profit or loss		
Current:		
Current year	97,862	88,947
Adjustment for prior years	(7,576)	(7,999)
Deferred:		
Temporary differences	(7,617)	(7,035)
Adjustment for prior years	1,589	4,108
Total tax expense	84,258	78,021
The prima facie income tax on pre-tax accounting profit from operations reconciles to:		
Accounting profit before income tax	238,140	222,862
Income tax expense calculated at 28% (2023: 28%)	66,679	62,401
Difference in income tax rates: Australia 30% (2023: 30%), USA 27% (2023: 25%), and China 25% (2023: 25%)	2,368	2,780
Non-deductible expenses and non-assessable income	625	2,687
Prior period adjustment to tax expense	(5,987)	(3,891)
Unutilised foreign tax credits	4,944	3,559
Deferred tax asset not recognised	15,629	10,485
Total tax expense	84,258	78,021
Income tax recognised directly in equity		
Current tax	–	–
Deferred tax	516	41
Tax expense in equity	516	41

Notes to the Financial Statements (continued)

Group performance

for the year ended 30 June 2024

B6. Income taxes (continued)

Deferred tax balances

2024	Opening balance $'000	Charge to comprehensive income $'000	Charge to equity $'000	Closing balance $'000
Gross deferred tax assets				
Patents	77	(8)	–	69
Provisions and accrued expenses	22,551	7,576	–	30,127
Tax losses	122	(76)	–	46
Property, plant and equipment	1,999	(773)	–	1,226
Employee share scheme	3,076	758	449	4,283
Hedging instruments	342	-	(965)	(623)
Other	450	(1,449)	–	(999)
Net deferred tax	28,617	6,028	(516)	34,129
Charge to profit or loss		6,028		
Charge to other comprehensive income		–		
		6,028		

2023	Opening balance $'000	Charge to comprehensive income $'000	Charge to equity $'000	Closing balance $'000
Gross deferred tax assets				
Patents	111	(34)	–	77
Provisions and accrued expenses	22,235	316	–	22,551
Tax losses	193	(71)	–	122
Property, plant and equipment	29	1,970	–	1,999
Employee share scheme	1,112	1,964	–	3,076
Hedging instruments	–	–	342	342
Other	2,051	(1,601)	–	450
Net deferred tax	25,731	2,544	342	28,617
Charge to profit or loss		2,927		
Charge to other comprehensive income		(383)		
		2,544		

B6. Income taxes (continued)

Tax losses

The Group companies have the following estimated gross tax losses at balance date not recognised:

	2024 $'000	2023 $'000
USA	99,938	100,066
New Zealand	232,760	207,357
	332,698	307,423

Imputation and franking credits

The Company is a New Zealand company which has elected to maintain an Australian franking credit account. The imputation credit and franking credit balances represent the sum of the imputation credit and franking credit account balances of all Group companies stated on an accrual basis. The ability to use the imputation and franking credits is dependent upon the ability of Group companies to declare dividends. The franking credit account balance is stated in AUD.

Imputation and franking credits available within the Group, and ultimately available to the shareholders of the Company as at year end:

	2024 $'000	2023 $'000
Imputation credits	49,725	49,310
Franking credits (stated in Australian dollars)	587,562	517,273

Group performance

for the year ended 30 June 2024

B6. Income taxes (continued)

Recognition and measurement

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited in other comprehensive income or equity, in which case that tax is recognised in other comprehensive income or equity respectively; or where they arise from the initial accounting for a business combination.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available in the future against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date for recoverability. Likewise, unrecognised tax assets (not booked to balance sheet) are re-assessed at each reporting date, and recognised, to the extent that future taxable profits are deemed likely to allow the asset to be recovered.

Key estimates and judgements

Recoverability of deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used.

Judgement is required when deferred tax assets are reviewed at each reporting date. Deferred tax assets may be reduced to the extent that it is no longer probable that future taxable profits will be available.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Changes in expectations for the future performance of the business may impact the amount of deferred tax assets recoverable and recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised.

BEPS Pillar Two Model Rules

Under the Pillar Two Model Rules, the Group may be required to pay a top-up tax if the effective tax rate per jurisdiction (calculated using a prescribed approach) is below the minimum rate of 15%. The Group operates in multiple jurisdictions, some of which have enacted or substantively enacted tax legislation to implement the Pillar Two Model Rules from a date commencing on or after 1 July 2024. As the Pillar Two Model Rules in respect of those jurisdictions do not apply to the financial reporting period ended 30 June 2024, there is no current tax impact in the Group's financial statements for the year ended 30 June 2024. The Group has applied the temporary mandatory exception from deferred tax accounting in respect of the Pillar Two Model Rules and will account for any top-up tax liabilities arising from the application of the rules as a current tax when it is incurred. The Group is currently assessing the potential impact of the Pillar Two Model Rules when they become effective.

Operating assets and liabilities

for the year ended 30 June 2024

C. Operating assets and liabilities

This section provides details of the Group's operating assets, and liabilities incurred as a result of trading activities, used to generate the Group's performance.

C1. Trade and other receivables

	2024 $'000	2023 $'000
Trade receivables from contracts with customers	50,726	57,731
Allowance for expected credit losses	–	(45)
Goods and services tax	17,579	10,699
Other receivables	9,765	10,831
	78,070	79,216

The Group's exposure to credit risks and impairment losses related to trade and other receivables are disclosed in Note D1: Financial risk management.

Recognition and measurement

Trade receivables from contracts with customers are recognised initially at their transaction price. Other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less any lifetime expected credit losses.

C2. Inventories

	2024 $'000	2023 $'000
Raw materials	29,783	26,727
Finished goods	149,865	166,713
Total inventories at the lower of cost and net realisable value	179,648	193,440

At year end $9,623,000 (2023: $10,964,000) was recognised as an expense in cost of sales for inventories written down or written off.

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using standard costing or weighted average methods. Standard costs are regularly reviewed and, if necessary, revised to reflect actual costs.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Key estimates and judgements

Estimation of net realisable value

Estimation of net realisable value includes assessment of expected future turnover of inventory held for sale and the expected future selling price of such inventory. Changes in trading, inventory condition and economic conditions may impact these estimations in future periods.

Operating assets and liabilities

for the year ended 30 June 2024

C3. Trade and other payables

	2024 $'000	2023 $'000
Current		
Trade payables	83,865	54,719
Rebates and promotional allowances	107,848	104,707
Accrued charges	130,222	119,698
Employee entitlements	25,338	26,601
Customer contract liabilities	296	7,487
	347,569	313,212
Non-current		
Employee entitlements	532	423

Recognition and measurement

Trade payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method. They represent liabilities recognised when the Group becomes obligated to make future payments resulting from the purchase of goods and services. The amounts are unsecured.

Variable consideration such as rebates are offset against the related revenue recognised.

Accrued charges represent amounts payable for supplies and services received but not invoiced at the reporting date.

Customer contract liabilities are payments received in advance from customers. The amount of $7,487,000 recognised in customer contract liabilities at 30 June 2023 was recognised as revenue in the year ended 30 June 2024. Remaining performance obligations at 30 June 2024 have an original expected duration of one year or less.

Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, bonuses, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

C4. Property, plant and equipment

2024	Land $'000	Buildings $'000	Office & computer $'000	Furniture & fittings $'000	Leasehold improvements $'000	Plant & equipment $'000	Total $'000
Carrying amount 1 July 2023	8,763	48,960	1,734	585	2,498	182,676	245,216
Additions	–	3	904	527	1,129	8,032	10,595
Disposals	–	–	(7)	–	–	–	(7)
Depreciation	–	(2,607)	(656)	(417)	(2,359)	(18,393)	(24,432)
Net foreign currency exchange differences	–	–	(2)	14	(15)	64	61
Carrying amount 30 June 2024	8,763	46,356	1,973	709	1,253	172,379	231,433
Cost	8,763	51,430	5,966	1,872	7,157	215,383	290,571
Accumulated depreciation	–	(5,074)	(3,993)	(1,163)	(5,904)	(43,004)	(59,138)
Carrying amount 30 June 2024	8,763	46,356	1,973	709	1,253	172,379	231,433

2023	Land $'000	Buildings $'000	Office & computer $'000	Furniture & fittings $'000	Leasehold improvements $'000	Plant & equipment $'000	Total $'000
Carrying amount 1 July 2022	8,763	50,183	2,360	733	3,541	174,967	240,547
Additions	–	67	398	34	3	16,026	16,528
Disposals	–	–	(31)	–	–	–	(31)
Depreciation	–	(1,290)	(1,012)	(177)	(1,017)	(8,111)	(11,607)
Net foreign currency exchange differences	–	–	19	(5)	(29)	(206)	(221)
Carrying amount 30 June 2023	8,763	48,960	1,734	585	2,498	182,676	245,216
Cost	8,763	51,427	5,071	1,331	6,043	207,287	279,922
Accumulated depreciation	–	(2,467)	(3,337)	(746)	(3,545)	(24,611)	(34,706)
Carrying amount 30 June 2023	8,763	48,960	1,734	585	2,498	182,676	245,216

Operating assets and liabilities

for the year ended 30 June 2024

C4. Property, plant and equipment (continued)

Recognition and measurement

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is calculated on a straight-line basis so as to write off the net cost of the asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated. The following estimated useful lives are used in the calculation of depreciation:

Buildings	20-90 years
Office and computer equipment	2-25 years
Furniture and fittings	5-10 years
Leasehold improvements	2-10 years
Plant and equipment	2-50 years

During the year, the Group revised the estimated useful life of its coal-fired boiler (included in plant and equipment) situated at Mataura Valley Milk Limited (MVM) due to the successful installation of a high-pressure electrode boiler (HPEB) which operates on 100% certified renewable energy. With the HPEB providing all the required steam needs of MVM, it was determined during the year the remaining useful life for the coal-fired boiler will end during the first half of the 2025 financial year. The depreciation expense was adjusted prospectively resulting in an additional depreciation expense of $10.0 million recorded in cost of sales for the year ended 30 June 2024 and $5.1 million that will be recorded in cost of sales for the year ended 30 June 2025.

The carrying value of an item of property, plant and equipment is derecognised either upon disposal or when no future economic benefits are expected from the asset. Any gain or loss arising from the derecognition (representing the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

Key estimates and judgements

Recoverability and determination of useful lives

If indicators of impairment are present, property, plant and equipment will be subject to impairment testing, which involves estimates and judgements made with respect to assessing the recoverability of the carrying amount of property, plant and equipment. Judgement is also involved in determining the useful lives of property, plant and equipment which are reviewed and adjusted, where required, annually.

C5. Investment property

The Kyvalley Dairy Group (Kyvalley) is the Group's long-term fresh milk supplier in Victoria. Kyvalley continues to operate the facility under a long-term operating lease and a long-term supply agreement. Under the agreement the Group has commenced an expansion and upgrade of the facility, to be subsidised by increased rent.

The purchase and upgrade of the Kyabram site is a strategic investment to ensure quality of products and processing capacity. The related long-term product supply agreement entered into alongside the investment provides ongoing supply from Kyvalley's contracted A1 protein free milk pool.

2024	Land $'000	Buildings $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
Carrying amount 1 July 2023	483	4,329	8,165	4,950	17,927
Additions	–	–	–	14,405	14,405
Depreciation	–	(330)	(1,327)	–	(1,657)
Net foreign currency exchange differences	2	15	20	133	170
Carrying amount 30 June 2024	485	4,014	6,858	19,488	30,845
Cost	485	5,306	11,488	19,488	36,767
Accumulated depreciation	–	(1,292)	(4,630)	–	(5,922)
Carrying amount 30 June 2024	485	4,014	6,858	19,488	30,845

2023	Land $'000	Buildings $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
Carrying amount 1 July 2022	498	4,568	9,177	1,420	15,663
Additions	–	–	–	3,535	3,535
Depreciation	–	(285)	(792)	–	(1,077)
Net foreign currency exchange differences	(15)	46	(220)	(5)	(194)
Carrying amount 30 June 2023	483	4,329	8,165	4,950	17,927
Cost	483	5,291	11,468	4,950	22,192
Accumulated depreciation	–	(962)	(3,303)	–	(4,265)
Carrying amount 30 June 2023	483	4,329	8,165	4,950	17,927

Profit arising from investment property

	2024 $'000	2023 $'000
Rental income	1,160	1,152

Operating assets and liabilities

for the year ended 30 June 2024

C5. Investment property (continued)

Future minimum rentals receivable under operating lease

	2024 $'000	2023 $'000
Not longer than 1 year	1,774	1,144
Longer than 1 year and not longer than 5 years	10,084	4,578
Longer than 5 years	17,122	16,975
Total undiscounted lease payments to be received	28,980	22,697

Measurement of fair value

The investment property was purchased in September 2020. The Group has not engaged an independent valuer for the current period. At reporting date, the Directors have determined a fair value of $32,200,000 based on a capitalisation of rent valuation approach, adopting a capitalisation rate of 7.5%. Directors consider that this calculation represents a reasonable approximation of fair value as at 30 June 2024.

Recognition and measurement

Investment property

Investment property is held primarily to earn rental income and for capital appreciation. It is measured initially at cost, including transaction costs such as transfer taxes and professional fees for legal services. Subsequent to initial recognition, the Group elected to measure investment property using the cost model (carried at historical cost less accumulated depreciation and impairment).

Depreciation is calculated on a straight-line basis so as to write off the net cost of the asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated. The following estimated useful lives are used in the calculation of depreciation:

Buildings	4-40 years
Plant and equipment	3-25 years

The carrying value of an item of property, plant and equipment is derecognised either upon disposal or when no future economic benefits are expected from the asset. Any gain or loss arising from the derecognition (representing the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

Work in progress expenditure is capitalised only when the Group can demonstrate the potential for the asset to generate future economic benefits on completion; and the ability to measure reliably the expenditure attributable to the asset during its development. Depreciation commences when the asset is available for use.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term, and is included in other revenue in the consolidated statement of comprehensive income.

Key estimates and judgements

Recoverability and determination of useful lives

If indicators of impairment are present, investment property will be subject to impairment testing, which involves estimates and judgements made with respect to assessing the recoverability of the carrying amount of investment property. Judgement is also involved in determining the useful lives of investment property which are reviewed and adjusted, where required, annually.

C6. Intangible assets

2024	Patents & Trademarks $'000	Other $'000	Goodwill $'000	Total $'000
Carrying amount 1 July 2023	4,912	1,160	102,347	108,419
Additions	–	3,506	–	3,506
Disposals	–	(60)	–	(60)
Amortisation	(67)	(740)	–	(807)
Net foreign currency exchange differences	–	(1)	36	35
Carrying amount 30 June 2024	4,845	3,865	102,383	111,093
Cost	5,590	8,592	102,383	116,565
Accumulated amortisation and impairment	(745)	(4,727)	–	(5,472)
Carrying amount 30 June 2024	4,845	3,865	102,383	111,093

2023	Patents & Trademarks $'000	Other $'000	Goodwill $'000	Total $'000
Carrying amount 1 July 2022	4,788	2,066	102,468	109,322
Additions	158	180	–	338
Amortisation	(34)	(1,073)	–	(1,107)
Net foreign currency exchange differences	–	(13)	(121)	(134)
Carrying amount 30 June 2023	4,912	1,160	102,347	108,419
Cost	5,590	5,147	102,347	113,084
Accumulated amortisation and impairment	(678)	(3,987)	-	(4,665)
Carrying amount 30 June 2023	4,912	1,160	102,347	108,419

Trademarks are allocated to the following cash-generating units (CGUs) for the purpose of impairment testing: Australia and New Zealand $318,000 (2023: $318,000); China and Other Asia $3,503,000 (2023: $3,503,000); USA $174,000 (2023: $174,000).

During the year the total value of research and development costs expensed was $4,540,000 (2023: $6,307,000).

Recognition and measurement

The costs of intangible assets other than goodwill are capitalised where there is sufficient evidence to support the probability of the expenditure generating future economic benefits for the Group. Other includes software and product development costs.

Patents

Patents are considered to have a finite life and are amortised on a straight-line basis over the lifetime of the patent.

Trademarks

Trademarks are not subject to amortisation as they are considered to have an indefinite life and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Software

Software is amortised on a straight-line basis over two to three years. The costs of configuring or customising a supplier's application software in a Cloud Computing Software-as-a-Service agreement are expensed as incurred.

Product development costs

Product development costs are capitalised when these costs are expected to generate future economic benefits, the underlying products are technically feasible with adequate resources to complete, there is an intention to complete and use or sell the products and the costs can be measured reliably. Capitalised development costs are amortised over the expected life of the developed product which commences at the point at which the asset is ready for use.

Operating assets and liabilities

for the year ended 30 June 2024

C6. Intangible assets (continued)

Recognition and measurement (continued)

Goodwill

Goodwill is recognised on business acquisitions, representing the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

Impairment testing for cash-generating units (CGUs) containing goodwill

Goodwill allocation

For the purposes of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which goodwill is monitored for internal management purposes as follows:

	2024 $'000	2023 $'000
Australia and New Zealand	50,653	50,617
China	51,730	51,730
	102,383	102,347

Recognition and measurement

Impairment testing of non-financial assets

Assets that have an indefinite useful life, such as goodwill and trademarks, are not amortised but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment losses are recognised in the consolidated statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Key estimates and judgements

Goodwill and intangibles

Judgements are made with respect to identifying and valuing intangible assets on acquisitions of new businesses and the allocation of goodwill to the cash-generating units.

The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually. These calculations involve judgements to estimate the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

C6. Intangible assets (continued)

Annual impairment testing as at 30 June 2024

The recoverable amount of CGUs containing goodwill and trademarks has been determined on a value in use basis using a discounted cash flow approach, and projections based on financial budgets approved by the Board, and four-year forward looking plans supplied by management.

As at 30 June 2024, the recoverable amount of the Group's CGUs exceeds their carrying amounts. The directors believe that no reasonably possible change in any of the key assumptions relating to current plans would cause the recoverable amount of these CGUs to be less than their carrying values. Based on this assessment, no impairment write downs are considered necessary.

Key assumptions

Gross margins

Gross margins are based on budgeted margins for FY25, and estimates for future years, adjusted where appropriate to account for expected future trading conditions. Consideration has been given to the growth profile of each CGU when forecasting future margin returns.

Discount rates

Discount rates (post-tax): 9.6% (2023: 9.3%)

Discount rates represent the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying cash flows expected from the CGU being assessed. CGU specific risk is incorporated by applying individual beta factors. The discount rate calculation is based on the specific circumstances of the Group and its CGUs and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors.

Revenue growth

Revenue projections have been constructed with reference to the FY25 budget and four-year forward-looking plans and adjusted for recent performance trends across the regions (where necessary).

Terminal growth rate

A terminal growth rate of 2.0% (2023: 2.0%) has been used for future cash flow growth beyond the forecast period.

The terminal value (being the total value of expected cash flows beyond the forecast period) is discounted to present values using the discount rate specific to each CGU.

Sensitivity to change in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Revenue growth during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period (terminal growth rate)

Operating assets and liabilities

for the year ended 30 June 2024

C7. Other financial assets

	2024 $'000	2023 $'000
Current		
Foreign currency forward contracts	8,739	1,536
Non-current		
Foreign currency forward contracts	255	113
Listed investment at fair value	9,754	71,965
Unlisted investment at fair value	3,500	–
	13,509	72,078

Shareholding in Synlait Milk Limited

The listed investment is a 19.8% holding in shares in Synlait Milk Limited (Synlait). Synlait is a dairy processing company (listed on NZX and ASX) with which the Group has an ongoing Nutritional Powders Manufacturing and Supply Agreement. No dividends were received from this investment during the year (2023: $nil).

A fair value loss of $62,211,000 (2023: $63,295,000) was recognised in other comprehensive income for the year.

Movements in the period

	Shares '000	Cost $'000	Share price at report date $	Market value $'000	Mark to market $'000
Balance 30 June 2023	43,353	288,781	1.66	71,965	(216,816)
Balance 30 June 2024	43,353	288,781	0.225	9,754	(279,027)
Fair value loss in period				(62,211)	

Shareholding in Centre for Climate Action Joint Venture (AgriZero^{NZ})

The unlisted investment relates to the Group's investment in the Centre for Climate Action Joint Venture (trading as AgriZero^{NZ}) which is a public-private partnership between the New Zealand Government and major agribusiness companies. Of the $3.5 million total investment, $2.2 million has been paid with the remaining $1.3 million to be paid in FY25. Given this is a strategic long-term investment, the Group made a one-time irrevocable election to measure its 1.83% interest at fair value through other comprehensive income.

Recognition and measurement

Listed and unlisted investments are long-term investments classified as financial assets measured at fair value through other comprehensive income. The Group does not control or have significant influence over the investees.

Unrealised gains or losses arising from changes in fair value are recognised through other comprehensive income in the Fair Value Revaluation Reserve within equity.

Foreign currency forward contracts are stated at fair value, calculated by reference to current forward exchange rates for contracts with similar profiles, adjusted to reflect the credit risk of the various counterparties.

C8. Other financial liabilities

	2024 $'000	2023 $'000
Current		
Foreign currency forward contracts	6,223	3,501
Non-current		
Foreign currency forward contracts	174	235

Recognition and measurement

Foreign currency forward contracts are stated at fair value, calculated by reference to current forward exchange rates for contracts with similar profiles, adjusted to reflect the credit risk of the various counterparties.

Key estimates and judgements

Fair value measurement of foreign currency forward contracts

The fair value of foreign currency forward contracts is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of these financial instruments.

Financial risk and capital management

for the year ended 30 June 2024

D. Financial risk and capital management

This section outlines how the Group manages exposure to financial risk and capital structure, and provides details of its balance sheet liquidity and access to financing facilities.

D1. Financial risk management

Financial risk management objectives

Exposure to credit risk, market risk (including currency risk, commodity price risk, interest rate risk, and equity price risk), and liquidity risk arises in the normal course of the Group's business.

The Group's financial risk management processes and procedures seek to minimise the potential adverse impacts that may arise from the unpredictability of financial markets.

The Group's centralised treasury department (Group Treasury) provides treasury services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages liquidity. The Group's corporate function monitors financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of these risks.

Policies and procedures are reviewed periodically to reflect both changes in market conditions and changes in the nature and volume of Group activities.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Specific risk management objectives and policies are set out below.

The Group uses various methods to measure different types of risk exposures. These methods include ageing analysis for credit risk, and sensitivity analysis in the case of foreign exchange risks and equity price risk.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or the counterparty to a financial instrument fails to meet its contractual obligations.

	2024 $'000	2023 $'000
Maximum exposures to credit risk at balance date:		
Cash and term deposits (counterparty risk)	968,943	802,234
Trade receivables (customer credit risk)	50,726	57,731
Foreign currency forward contracts (counterparty risk)	8,994	1,649
	1,028,663	861,614

Counterparty risk

At balance date, the Group's bank accounts were held with banks with acceptable credit ratings determined by recognised credit agencies, including National Australia Bank, ANZ Bank, Westpac, ASB Bank, Bank of New Zealand, HSBC Bank, Bank of China and JP Morgan Chase Bank.

Counterparties to derivative financial instruments are large banks with which the Group has existing banking relationships, with acceptable credit ratings determined by recognised credit agencies.

The Group does not have any other concentrations of counterparty credit risk.

D1. Financial risk management (continued)

Credit risk management (continued)

Customer credit risk

The Group's exposure to customer credit risk is influenced mainly by the individual characteristics of each customer. The majority of sales on credit are to major retailers and other significant customers with established creditworthiness and minimum levels of default. Other sales are made as cash on delivery.

New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, previous trading experience and other factors.

In monitoring customer credit risk, customers are assessed individually by their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts. Historically, bad debt write-offs have been negligible.

There are no significant credit risk concentrations within the Group as at 30 June 2024. There are no other forward-looking indicators to indicate increases in customer credit risk.

The allowance for expected credit losses is recognised based on an assessment of lifetime expected credit losses.

Ageing of trade receivables at reporting date

	2024 $'000	2023 $'000
Not past due	47,054	54,827
Past due up to 90 days	3,314	2,460
Past due 91 to 180 days	358	–
Past due 181 days to one year	–	412
More than one year	–	32
	50,726	57,731
Allowance for expected credit losses	–	(45)
	50,726	57,686

The average credit period on sales is 13 days (2023: 14 days). No interest is charged on trade receivables outstanding.

Movement in impairment allowance for expected credit loss

	2024 $'000	2023 $'000
Balance at beginning of year	45	125
Amount reversed to the consolidated statement of comprehensive income	(43)	(78)
Provisions reversed and net foreign exchange differences	(2)	(2)
Balance at end of year	–	45

Market risk management

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings in financial instruments. The Group's activities expose it primarily to the financial risks of change in foreign currency exchange rates to the NZ dollar, and to interest rate risk. Prices charged by manufacturers (including pricing of whole and skim milk powders) are subject to movements in commodity milk pricing. The Group's holding of a listed and unlisted investment also exposes it to equity price risk.

Market risk exposures are monitored by management on an ongoing basis and there has been no change during the year to the Group's exposure to market risks or the way it manages and measures risk.

Financial risk and capital management

for the year ended 30 June 2024

D1. Financial risk management (continued)

Interest risk management

The Group's main interest rate risks arise from term deposits and borrowings. Term deposits and borrowings issued at variable rates expose the Group to cash flow interest rate risk. Term deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. These risks have not been hedged given the limited exposure.

Term deposits and bank borrowings are primarily with New Zealand banks, in New Zealand dollars, at New Zealand market rates.

Fixed and variable rate exposure

	2024 $'000	2023 $'000
Fixed rate instruments		
Financial assets	500,000	450,000
Financial liabilities	(37,890)	(52,038)
	462,110	397,962
Variable rate instruments		
Financial assets	318,674	176,170
Financial liabilities	–	(30,000)
	318,674	146,170

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not employ derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. A change in interest rates at the reporting date would not affect profit or loss for the Group.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by $3,187,000 (2023: $1,462,000). This analysis assumes all other variables remain the same.

Foreign currency risk management

The Group's exposure to foreign currency risk arises principally from its operations in China, Australia, and USA; and the resultant movements in the currencies of those countries against the NZ dollar.

The Group hedges a portion of this risk using derivative financial instruments such as foreign currency forward contracts, designated as cash flow hedges, to hedge certain highly probable foreign currency transactions. These contracts are executed by Group Treasury in accordance with the Group's Treasury Risk Policy.

The Group may also transfer cash balances from time to time between currencies to reduce exposure or to match underlying liabilities.

D1. Financial risk management (continued)

Foreign currency risk management (continued)

Hedging currency risk

On entering into a hedging relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they were actually highly effective throughout the financial reporting periods for which they are designated.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges, which hedge exposure to variability in cash flows of a highly probable forecasted transaction, are recognised directly in other comprehensive income and accumulated in the hedging reserve. The ineffective portion is recognised in profit or loss within other expenses. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs or until cash flows arising from the transaction are received. The amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. If the forecast transaction is no longer going to occur the item is transferred to profit or loss when hedging is discontinued.

The gross value to be received or paid and the weighted average contracted exchange rates for foreign currency forward contracts outstanding at year end are as follows:

	Carrying amount	Carrying amount		Notional amount NZ dollars		Weighted average exchange rate	
	2024 $'000	2023 $'000	Term	2024 $'000	2023 $'000	2024	2023
AUD							
Buy NZD/sell AUD	(72)	(1,041)	One year or less	47,811	72,232	0.9098	0.8999
Buy NZD/sell AUD	19	–	More than one year	5,480	–	0.9124	–
Buy EUR/sell AUD	(6)	(117)	One year or less	610	2,933	1.5941	1.5906
RMB							
Buy USD/sell RMB (non-deliverable forward)	(7,282)	–	One year or less	322,396	–	0.1421	–
Buy USD/sell RMB (non-deliverable forward)	(27)	–	More than one year	2,353	–	0.1426	–
Buy RMB/sell NZD	4,332	–	One year or less	167,100	–	0.2337	–
Buy RMB/sell NZD	56	–	More than one year	2,371	–	0.2371	–
USD							
Buy NZD/sell USD	512	3,122	One year or less	269,851	173,574	0.6105	0.6222
Buy NZD/sell USD	(129)	123	More than one year	33,386	43,371	0.6066	0.6110

The carrying amount of foreign currency forward contracts is recognised in Other financial assets (refer to Note C7) and Other financial liabilities (refer to Note C8).

The foreign currency forward contracts are considered to be highly effective hedges. There was no significant cash flow hedge ineffectiveness in the current year.

Financial risk and capital management

for the year ended 30 June 2024

D1. Financial risk management (continued)

Foreign currency risk management (continued)

Expressed in NZ dollars, the table below indicates exposure and sensitivity to movements in exchange rates on the pre-tax equity of the Group based on closing exchange rates as at 30 June 2024, applied to the Group's foreign currency forward contracts at 30 June 2024. Exchange rates and foreign currency forward contracts will fluctuate over the course of normal operations.

	Impact on pre-tax equity gain or (loss)	
2024	**$'000**	**$'000**
Movement on exchange rate	**+10%**	**-10%**
AU Dollar	(5,842)	4,553
Chinese Yuan Renminbi	(17,210)	13,270
US Dollar	(33,106)	26,276

	Impact on pre-tax equity gain or (loss)	
2023	**$'000**	**$'000**
Movement on exchange rate	**+10%**	**-10%**
AU Dollar	(7,472)	6,067
US Dollar	(24,011)	18,933

Expressed in NZ dollars, the table below indicates exposure and sensitivity to movements in exchange rates on the profit or loss of the Group based on closing exchange rates as at 30 June, applied to the Group's unhedged financial assets/(liabilities) at 30 June. Exchange rates and assets and liabilities held in foreign currencies will fluctuate over the course of normal operations.

The analysis is performed consistently from year to year.

	Net exposure on reporting date	Impact on pre-tax profit or (loss)	
2024	**$'000**	**$'000**	**$'000**
Movement on exchange rate v NZ dollar	**–**	**+10%**	**-10%**
AU Dollar	548	61	(50)
US Dollar	3,097	344	(282)
Chinese Yuan Renminbi	(141,485)	(15,721)	12,682

	Net exposure on reporting date	Impact on pre-tax profit or (loss)	
2023	**$'000**	**$'000**	**$'000**
Movement on exchange rate v NZ dollar	**–**	**+10%**	**-10%**
AU Dollar	(1,631)	(181)	148
US Dollar	62,608	6,956	(5,692)
Chinese Yuan Renminbi	(131,333)	(14,593)	11,939

As the unhedged foreign currency denominated monetary financial instruments of the Group consist only of cash, and trade and other receivables and payables, foreign exchange movements do not have any impact on equity, other than the above mentioned impact on profit or loss.

D1. Financial risk management (continued)

Foreign currency risk management (continued)

Exchange rates
The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2024	**2023**	**2024**	**2023**
AU Dollar	0.9251	0.9153	0.9152	0.9191
US Dollar	0.6068	0.6168	0.6062	0.6079
Chinese Yuan Renminbi	4.3835	4.2856	4.4059	4.4066

Equity price risk

The Group is exposed to equity price risk on its listed investment classified and measured at fair value through other comprehensive income (FVOCI). This risk is not hedged.

The Group monitors this risk exposure by comparing the movement in the quoted share price of this long-term investment against movements in the S&P/NZX 50 index over the same period.

As at 30 June 2024, the exposure to the listed investment at FVOCI was $9,754,000 (2023: $71,965,000). A 10% increase or decrease in the share price of this listed investment would result in an increase or decrease of $975,000 (2023: $7,197,000) in the fair value revaluation reserve through other comprehensive income, with no effect on profit or loss.

The Group is exposed to equity price risk on its unlisted investment. Given this is a strategic long-term investment, the Group made a one-time irrevocable election to measure its 1.83% interest at FVOCI. This risk is not hedged.

As the investment was made in proximity to the year end, it was valued at the transaction cost, which is deemed to be the best estimation of fair value, and no fair value gain or loss was recognised in other comprehensive income for the year.

As at 30 June 2024, the exposure to the unlisted investment at FVOCI was $3,500,000 (2023: $nil). A 10% increase or decrease in the share price of this unlisted investment would result in an increase or decrease of $350,000 (2023: $nil) in the fair value revaluation reserve through other comprehensive income, with no effect on profit or loss.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. This risk is managed by establishing a target minimum liquidity level, ensuring that ongoing commitments are managed with respect to forecast available cash inflows.

The Group holds significant cash reserves which enable it to meet its obligations as they fall due, and to support operations in the event of unanticipated external events.

Loans and borrowings within the Group are specific to the operations of Mataura Valley Milk Limited (refer to Note D6). No other entities within the Group have borrowings (2023: $nil).

Financial risk and capital management

for the year ended 30 June 2024

D1. Financial risk management (continued)

Contractual maturities of financial liabilities

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements, are set out below. No interest is payable on trade and other payables.

		Contractual cash flows					
2024	**Carrying amounts $'000**	**Total $'000**	**6 months or less $'000**	**6 to 12 months $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**More than 5 years $'000**
Non-derivative financial liabilities							
Secured bank loans	–	–	–	–	–	–	–
Unsecured loan from MVM's non-controlling shareholder	37,890	40,872	–	–	–	40,872	–
Lease liabilities	28,330	35,532	3,566	3,560	6,687	11,650	10,069
Trade and other payables – excluding employee entitlements and customer contract liabilities	321,935	321,935	321,935	–	–	–	–
Derivative financial liabilities							
FX hedging contracts:							
Carrying amount at fair value	6,397						
Outflow		360,974	190,794	153,640	16,540	–	–
Inflow		(354,577)	(186,977)	(151,235)	(16,365)	–	–
	394,552	404,736	329,318	5,965	6,862	52,522	10,069
2023							
Non-derivative financial liabilities							
Secured bank loans	45,000	47,472	16,278	1,025	30,169	–	–
Unsecured loan from MVM's non-controlling shareholder	37,038	42,021	–	–	–	42,021	–
Lease liabilities	19,491	21,867	2,410	2,421	4,442	8,526	4,068
Trade and other payables – excluding employee entitlements and customer contract liabilities	279,124	279,124	279,124	–	–	–	–
Derivative financial liabilities							
FX hedging contracts:							
Carrying amount at fair value	3,736						
Outflow		217,136	85,945	104,893	26,298	–	–
Inflow		(213,400)	(83,789)	(103,548)	(26,063)	–	–
	384,389	394,220	299,968	4,791	34,846	50,547	4,068

D1. Financial risk management (continued)

Change in liabilities arising from financing activities

	30 June 2023 $'000	Cash flow $'000	Non-cash $'000	30 June 2024 $'000
Secured bank loans	45,000	(45,000)	–	–
Unsecured related entity loan	37,038	–	852	37,890
Lease liabilities	19,490	(6,302)	15,142	28,330
	101,528	(51,302)	15,994	66,220

Carrying amounts versus fair value

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

		2024		2023	
	Hierarchy level	Carrying amount $'000	Fair Value $'000	Carrying amount $'000	Fair Value $'000
Cash and term deposits		968,943	968,943	802,234	802,234
Trade and other receivables		78,070	78,070	79,216	79,216
Foreign currency forward contract assets	2	8,994	8,994	1,649	1,649
Listed investment	1	9,754	9,754	71,965	71,965
Unlisted investment	3	3,500	3,500	–	–
Secured bank loans	2	–	–	(45,000)	(42,924)
Unsecured loan from MVM's non-controlling shareholder	2	(37,890)	(33,367)	(37,038)	(30,197)
Trade and other payables - excluding employee entitlements and customer contract liabilities		(321,935)	(321,935)	(279,124)	(279,124)
Foreign currency forward contract liabilities	2	(6,397)	(6,397)	(3,736)	(3,736)
		703,039	707,562	590,166	599,083

Fair value hierarchy

Financial instruments carried at fair value are classified by valuation method based on the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Carrying amount (equalling fair value) is applied consistently in the current and prior year to assets and liabilities not recognised in the consolidated statement of financial position at fair value.

Estimation of fair value

The following methods and assumptions are used in estimating the fair values of financial instruments:

- Listed investment – closing share price on NZX.
- Unlisted investment – as the investment was made in close proximity to the year end, it was valued at the transaction cost, which is deemed to be the best estimation of fair value.
- Foreign currency forward contracts – calculated by reference to current forward exchange rates for contracts with similar maturity profiles, adjusted to reflect the credit risk of the various counterparties.
- Loans and borrowings – present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting date.
- Cash and term deposits, trade and other receivables and payables - carrying amount approximates fair value.

Financial risk and capital management

for the year ended 30 June 2024

D2. Capital management

The Group's objective when managing its capital is to safeguard the Group's ability to continue as a going concern and to continue to generate value for stakeholders. The Group is not subject to externally imposed capital requirements, and currently has no debt, other than loans and borrowings specific to Mataura Valley Milk Limited (refer to Note D6).

The Group's capital structure may be modified by payment of dividends to shareholders, returning capital to shareholders, or issuing new shares. The Board continuously assesses its capital position in order to deliver the optimum structure to drive shareholder returns in line with the Company's strategy and capital allocation framework.

The Board regularly assesses the Group's balance sheet position when considering how to deliver the optimum structure to enhance shareholder value in line with the Company's strategy and capital allocation framework. In accordance with the Company's capital allocation framework, the Group has decided to prioritise investment in growth opportunities (focused on Supply Chain transformation) and balance sheet strength, ahead of returning further capital to shareholders as at 30 June 2024, but will continue to review this on a regular basis.

D3. Cash and term deposits

	2024 $'000	2023 $'000
Cash at banks and on hand	150,269	176,064
Short-term deposits	368,674	176,170
Cash and short-term deposits	518,943	352,234
Other current term deposits	450,000	450,000
Cash and term deposits	968,943	802,234

Expressed in NZ dollars, cash and term deposits comprises of the following foreign currencies:

	2024 $'000	2023 $'000
AU dollars	10,953	30,235
US dollars	38,099	64,915
Chinese Yuan Renminbi	84,498	77,581

Bank balances and cash comprise cash held by the Group. Cash and short-term deposits earn interest at floating rates based on daily bank deposit rates. The carrying value of cash assets and term deposits approximates their fair value.

Other current term deposits comprise term deposits with a maturity greater than three months and less than 12 months, having an average maturity of seven months and a weighted average interest rate of 6.27% per annum.

Term deposits are presented as cash equivalents in the consolidated statement of cash flows if they have a maturity of three months or less and are readily convertible to known amounts of cash with no significant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2024 $'000	2023 $'000
Cash at banks and on hand	150,269	176,064
Short-term deposits	368,674	176,170
Cash and short-term deposits	518,943	352,234

D4. Cash flow information

Reconciliation of after-tax profit with net cash flows from operating activities:

	2024 $'000	2023 $'000
Net profit for the year	153,882	144,841
Adjustments for non-cash items:		
Depreciation and amortisation	32,199	18,197
Share-based payments	10,727	17,132
Net foreign exchange loss/(gain)	2,766	(1,917)
Gain on termination of leases	(229)	–
Loss on disposal of software	60	–
Changes in working capital:		
Trade and other receivables	1,146	4,294
Prepayments	(6,863)	10,912
Inventories	13,792	(53,396)
Trade and other payables	40,221	(71,633)
Tax balances	8,043	42,853
Net cash inflow from operating activities	255,744	111,283

Notes to the Financial Statements (continued)

Financial risk and capital management

for the year ended 30 June 2024

D5. Leases

Group as lessee

The Group has entered into leases for office and industrial premises, motor vehicles and plant and equipment. There are no financial restrictions placed upon Group entities by entering into these leases. The Group has the option, under some leases, to lease the assets for additional terms. All lease contracts with options to renew contain market review clauses in the event that an option to renew is exercised.

Right-of-use assets

Carrying amounts of right-of-use assets recognised and movements during the period:

2024	Leased property $'000	Office & computer $'000	Plant & equipment $'000	Total $'000
Carrying amount 1 July 2023	16,471	56	822	17,349
Additions	2,981	-	10,829	13,810
Depreciation	(4,195)	(41)	(1,067)	(5,303)
Net foreign currency exchange differences	62	(1)	4	65
Carrying amount 30 June 2024	15,319	14	10,588	25,921
Cost	31,832	188	12,811	44,831
Accumulated depreciation	(16,513)	(174)	(2,223)	(18,910)
Carrying amount 30 June 2024	15,319	14	10,588	25,921

2023	Leased property $'000	Office & computer $'000	Plant & equipment $'000	Total $'000
Carrying amount 1 July 2022	15,334	102	594	16,030
Additions	5,228	–	708	5,936
Depreciation	(3,890)	(46)	(470)	(4,406)
Net foreign currency exchange differences	(201)	–	(10)	(211)
Carrying amount 30 June 2023	16,471	56	822	17,349
Cost	28,789	189	1,978	30,956
Accumulated depreciation	(12,318)	(133)	(1,156)	(13,607)
Carrying amount 30 June 2023	16,471	56	822	17,349

D5. Leases (continued)

Group as lessee (continued)

Lease liabilities
Carrying amounts of lease liabilities and movements during the period:

	2024 $'000	2023 $'000
Balance at beginning of the year	19,490	17,352
Additions	13,810	5,936
Gain on termination of lease	(229)	–
Accretion of interest	1,493	640
Payments	(6,302)	(4,218)
Net foreign currency exchange differences	68	(220)
Balance at end of the year	28,330	19,490
Current	5,598	4,181
Non-current	22,732	15,309
	28,330	19,490

Amounts recognised in profit or loss

	2024 $'000	2023 $'000
Depreciation expense – right-of-use assets	5,303	4,406
Interest expense – lease liabilities	1,493	640
Expenses relating to short-term leases (included in administrative and other expenses)	772	978
Expenses relating to low-value assets (included in administrative and other expenses)	4	33
Total amount recognised in profit or loss	7,572	6,057

Cash flows for leases

	2024 $'000	2023 $'000
Total cash outflows:		
Lease interest	1,493	640
Payment of lease principal	4,809	3,578
	6,302	4,218
Non-cash additions to right-of-use assets and lease liabilities	13,810	5,936

Financial risk and capital management

for the year ended 30 June 2024

D5. Leases (continued)

Recognition and measurement

A right-of-use asset and a lease liability are recognised at the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost, less accumulated depreciation as the asset is written off over the term of the lease, impairment losses, and any adjustments for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments payable from the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised.

Key estimates and judgements

Determination of the lease term

Judgement is applied to determine the lease term for those lease contracts that include renewal or termination options. This assessment impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognised.

In determining the lease term consideration is given to all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Group as lessor

Refer to Note C5: Investment property.

D6. Loans and borrowings

	2024 $'000	2023 $'000
Current		
Secured:		
Bank loans	–	15,000
	–	15,000
Non-current		
Secured:		
Bank loan	–	30,000
Unsecured:		
Loan from MVM's non-controlling shareholder	37,890	37,038
	37,890	67,038

All of the loans and borrowings are specific to Mataura Valley Milk Limited (MVM) and are interest bearing.

Finance facilities available to MVM:

- Total bank debt facilities of $45 million (30 June 2023: $75 million), undrawn as at 30 June 2024 (30 June 2023: $45 million drawn).
- A performance guarantee facility of $10 million, fully drawn as at 30 June 2024 (30 June 2023: $10 million, fully drawn).

The bank loans are secured against MVM's property at Pease Street, Gore, New Zealand, and are subject to compliance with financial covenants requiring the maintenance of specified financial ratios, related solely to MVM. All borrowing covenant ratios and limits have been complied with as at 30 June 2024.

The $30 million bank loan due to mature in July 2024 was fully repaid and closed during the year.

The unsecured subordinated loan is provided by MVM's non-controlling shareholder. The non-current loan has an initial term through to FY27, to be repaid thereafter at a time to be agreed by the shareholder lenders. The interest rate applicable as at 30 June 2024 was 2.56% (30 June 2023: 2.56%).

Other Group entities have access to bank guarantee facilities totalling $1,206,000 of which $457,000 was drawn as at 30 June 2024 (30 June 2023: $1,783,000 of which $1,246,000 was drawn).

Recognition and measurement

Interest bearing loans and borrowings are initially recognised at fair value at transaction date, less directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Financial risk and capital management

for the year ended 30 June 2024

D7. Share capital

	2024		2023	
	Number of shares	**Share capital $'000**	**Number of shares**	**Share capital $'000**
Movements in contributed equity:				
Fully paid ordinary shares:				
Balance at beginning of year	721,976,214	100	743,656,528	149,157
Movements in the period:				
Vesting of performance rights	958,594	–	–	–
Share buyback	–	–	(21,680,314)	(149,057)
	958,594	–	(21,680,314)	(149,057)
Balance at end of year	722,934,808	100	721,976,214	100

Holders of fully paid ordinary shares are entitled to receive dividends as may be declared from time to time and are entitled to one vote per share at shareholders' meetings.

The Company does not have authorised capital or par value in respect of its issued shares.

D8. Nature and purpose of reserves

Employee equity settled payments reserve

The employee equity settled payments reserve is used to record the value of share-based payments provided to employees and contractors, including key management personnel.

Fair value revaluation reserve

The fair value revaluation reserve is used to record movements in the fair value of listed and unlisted investments classified as financial assets measured at fair value through other comprehensive income.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Treasury shares reserve

The treasury shares reserve comprises the cost, net of any tax effects, of the Company's shares purchased and held by the trustee of the a2MC Group Employee Share Trust to be available solely for participants in Group employee share plans. When treasury shares subsequently vest to employees under employee share plans, the carrying value of the vested shares is transferred to the employee equity settled payments reserve.

	2024		2023	
	Number of shares	$'000	Number of shares	$'000
Movements in treasury shares reserve:				
Balance at beginning of year	2,042,948	13,602	2,372,842	15,798
Movements in the period:				
Vesting of performance rights	(735,372)	(4,896)	–	–
Vesting of matching share rights	–	–	(14,011)	(93)
Vesting of time-based rights	–	–	(261,505)	(1,741)
Gift shares	–	–	(54,378)	(362)
	(735,372)	(4,896)	(329,894)	(2,196)
Balance at end of year	1,307,576	8,706	2,042,948	13,602

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss when the associated hedged transactions are recognised in profit or loss.

Movements on these reserve accounts are set out in the consolidated statement of changes in equity.

Financial risk and capital management

for the year ended 30 June 2024

D9. Capital expenditure commitments

	2024 $'000	2023 $'000
Contracted but not yet provided for and payable		
Property, plant and equipment	6,545	21,277

D10. Contingent liabilities

The a2 Milk Company Limited ('the Company') is the defendant in a group proceeding in the Supreme Court of Victoria, jointly conducted by Slater & Gordon Lawyers and Shine Lawyers (the Australian Proceedings). The Australian Proceedings, now consolidated, were commenced in October and November 2021 respectively. The Australian Proceedings relate to the period from 19 August 2020 to 9 May 2021 inclusive (Relevant Period) and makes allegations that the Company engaged in misleading and deceptive conduct and breached its disclosure obligations by failing to disclose certain information to the market. The claim is said to be brought on behalf of shareholders who acquired an interest in fully paid ordinary shares in the Company on the Australian Securities Exchange (ASX) or NZX Main Board (NZSX): (1) during the Relevant Period; or (2) prior to 19 August 2020 and retained those shares until a date after 28 September 2020.

The claim makes allegations under both Australian and New Zealand law. On 28 November 2022, the Supreme Court of Victoria ruled that it has jurisdiction to hear and determine the claims brought under New Zealand law.

On 18 May 2022, the Company announced that a representative proceeding had been filed in the High Court of New Zealand which names the Company as the defendant (the New Zealand Proceeding). The New Zealand Proceeding, filed by Thorn Law and funded by CHC Investment Fund III Pty Limited relates to the same period (19 August 2020 to 9 May 2021) and makes allegations under New Zealand law only which are substantially the same as those advanced in the Australian Proceedings. The claim is commenced on behalf of group members who acquired an interest in ordinary shares in the Company on the ASX and/or the NZSX: (1) during the Relevant Period; and (2) prior to the Relevant Period and continued to hold some or all of those shares for part or all of the Relevant Period; and (3) those who fall into both categories (1) and (2).

The Company filed an interlocutory application for a stay of the New Zealand Proceeding under the Trans-Tasman Proceedings Act 2010 (NZ) on 23 June 2022. On 23 January 2023, the Auckland High Court granted the Company's application for a stay of the New Zealand Proceeding, pending judgment on liability or a final settlement of the Australian Proceedings, whichever occurs first.

The Company considers that it has at all times complied with its disclosure obligations, denies any liability and will vigorously defend the proceedings. The Company filed its defence in the Australian Proceedings on 8 November 2022. The Company has not filed a defence in the New Zealand Proceeding, which is stayed.

The plaintiffs and the Company are to file their evidence in the Australian Proceedings in 2025 and the matter has been listed for a further case management conference on 11 July 2025. A trial has been set for a period of seven weeks commencing on 2 June 2026.

The claims of group members have not yet been and are not required to be quantified. Based on the current status of the Australian Proceedings and the New Zealand Proceeding, it is not practicable to provide: (a) an estimate of the financial effect; (b) an indication of the uncertainties relating to the amount or timing of any outflow; or (c) the possibility of any reimbursement.

Group structure

for the year ended 30 June 2024

E. Group structure

This section provides details of the Group structure and the entities included in the consolidated financial statements.

E1. Consolidated entities

Details of the Company's subsidiaries at 30 June 2024 are as follows:

	Parties to Deed of Cross Guarantee (note E2)*	Principal place of business	Proportion of ownership interest 2024	Proportion of ownership interest 2023
Parent entity:				
The a2 Milk Company Limited	✓	New Zealand	–	–
Subsidiaries:				
The a2 Milk Company (Export) Limited	–	New Zealand	100%	100%
a2 Holdings UK Limited	–	New Zealand	100%	100%
a2 Infant Nutrition Limited	✓#	New Zealand	100%	100%
The a2 Milk Company (New Zealand) Limited	–	New Zealand	100%	100%
Mataura Valley Milk Limited	–	New Zealand	75%	75%
a2 Australian Investments Pty. Limited	✓	Australia	100%	100%
a2 Botany Pty Ltd	–	Australia	100%	100%
The a2 Milk Company (Australia) Pty Ltd	✓	Australia	100%	100%
a2 Exports Australia Pty Limited	✓	Australia	100%	100%
a2 Infant Nutrition Australia Pty Ltd	✓	Australia	100%	100%
The a2 Milk Company (Nutrition) Pty Ltd	✓	Australia	100%	100%
a2MC Group Employee Share Trust	–	Australia	100%	100%
a2 ESS Holdings Pty Limited	–	Australia	100%	–
The a2 Milk Company Limited	–	UK	–	100%
The a2 Milk Company LLC	–	USA	100%	100%
The a2 Milk Company	–	USA	100%	100%
The a2 Milk Company Limited	–	Canada	100%	100%
a2 Infant Nutrition (Shanghai) Co., Ltd	–	China	100%	100%
The a2 Milk Company (Shanghai) Limited	–	China	100%	–
The a2 Milk Company (Singapore) Pte. Ltd	–	Singapore	100%	100%

* Each party to the Deed of Cross Guarantee is a member of the 'closed group' under the *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

\# a2 Infant Nutrition Limited is the subject of an ASIC declaration under section 601 CK(7) of the *Corporations Act 2001* (Cth, Australia), providing relief from the requirement to prepare and lodge an audited financial report in Australia.

Other than the establishment of a2 ESS Holdings Pty Limited and The a2 Milk Company (Shanghai) Limited and the dissolution of The a2 Milk Company Limited (UK), there were no entities over which the Company gained or lost control during the year.

All subsidiaries have a balance date of 30 June, except for The a2 Milk Company LLC, a2 Infant Nutrition (Shanghai) Co., Ltd and The a2 Milk Company (Shanghai) Limited which have a balance date of 31 December.

Group structure

for the year ended 30 June 2024

E1. Consolidated entities (continued)

Recognition and measurement

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in preparing the consolidated financial statements.

E2. Deed of cross guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, the Australian-incorporated wholly owned subsidiaries listed in Note E1 as parties to the Deed of Cross Guarantee are eligible for relief from the *Corporations Act 2001* (Cth, Australia) requirements for preparation, audit and lodgement of financial reports and directors' reports in Australia.

It is a condition of the ASIC Corporations Instrument that the Company and each of the subsidiaries listed enter into a Deed of Cross Guarantee. The effect of the Deed is that each party guarantees to each creditor of each other party payment in full of any debt in the event of winding up of the other party under certain provisions of the *Corporations Act 2001* (Cth, Australia). If a winding up occurs under other provisions of the Act, the guarantee will only apply if after six months after a resolution or order for winding up any creditor has not been paid in full.

A consolidated statement of comprehensive income and statement of financial position, comprising the Company and controlled entities which are parties to the Deed of Cross Guarantee (each party being a member of the closed group as listed in Note E1), after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2024 are set out as follows:

Consolidated statement of comprehensive income and retained earnings for the year ended 30 June 2024

	2024 $'000	2023 $'000
Revenue	1,493,807	1,400,813
Expenses	(1,253,516)	(1,158,508)
Finance income (net)	49,469	30,874
Profit before tax	289,760	273,179
Income tax expense	(73,868)	(69,032)
Profit after tax	215,892	204,147
Other comprehensive income	(1,415)	6,929
Total comprehensive income for the year	214,477	211,076
Retained earnings at beginning of the year	1,417,116	1,212,969
Transfers to and from reserves	1,415	(6,929)
Retained earnings at end of year	1,633,008	1,417,116

E2. Deed of cross guarantee (continued)

Consolidated statement of financial position as at 30 June 2024

	2024 $'000	2023 $'000
Assets		
Current assets		
Cash and term deposits	859,293	713,042
Trade and other receivables	137,173	192,998
Prepayments	49,488	40,009
Inventories	148,826	164,112
Other financial assets	8,243	1,291
Total current assets	1,203,023	1,111,452
Non-current assets		
Property, plant and equipment	22,201	23,251
Right-of-use assets	10,540	10,967
Investment property	30,845	17,927
Intangible assets	20,050	13,723
Other financial assets	751,765	606,522
Deferred tax assets	25,986	20,892
Total non-current assets	861,387	693,282
Total assets	2,064,410	1,804,734
Liabilities		
Current liabilities		
Trade and other payables	303,763	286,230
Lease liabilities	2,055	2,141
Other financial liabilities	10,363	6,524
Income tax payable	48,746	35,220
Total current liabilities	364,927	330,115
Non-current liabilities		
Trade and other payables	532	421
Lease liabilities	9,892	235
Other financial liabilities	74	10,396
Total non-current liabilities	10,498	11,052
Total liabilities	375,425	341,167
Net assets	1,688,985	1,463,567
Equity		
Share capital	100	100
Retained earnings	1,633,008	1,417,116
Reserves	55,877	46,351
Total equity	1,688,985	1,463,567

Other disclosures

for the year ended 30 June 2024

F. Other disclosures

F1. Related party transactions

Ultimate Parent

The a2 Milk Company Limited is the parent of the Group. The Group consists of The a2 Milk Company Limited and its subsidiaries as listed in Note E1.

Key management personnel

Key management personnel are defined as those persons having significant authority and responsibility for planning, directing and controlling the activities of the Group, and includes the directors, and a number of senior executives.

Key management personnel compensation:

	2024 $'000	2023 $'000
Short-term employee benefits	9,736	9,160
Other long-term benefits	–	–
Share-based payments	4,783	6,560
	14,519	15,720

Other than Non-executive Directors, key management personnel in FY24 include the following senior executives:

- Managing Director and CEO
- Chief Financial Officer
- Chief Executive Officer - Greater China

Transactions with key management personnel and their related parties

During the year there were no related party transactions with key management personnel or their related parties (2023: $nil).

Loans to key management personnel and their related parties

No loans were outstanding or made to key management personnel and their related parties at any time during the 2024 and 2023 financial years.

F2. Share-based payments

Long-term incentives (LTI)

The LTI plan is designed to retain and motivate senior management to achieve the Group's long-term strategic goals by providing rewards that align the interests of management with shareholders.

During the period the Board authorised the issue of 3,069,769 performance rights to senior management under the LTI plan.

The performance rights vest subject to:

- Continuing employment; and
- Achieving the following performance hurdles over the performance periods:

			Revenue CAGR hurdles		
Performance rights grants:	**Performance period**	**EPS CAGR**	**50% vest**	**85% vest**	**100% vest**
FY24 plan					
3,069,769 rights	3 years to 30 June 2026	10%	4%	6%	8%

Both the minimum EPS CAGR (compound annual growth in diluted earnings per share) and minimum Revenue CAGR (compound annual growth in normalised total external revenue) must be achieved for any vesting of performance rights. The minimum vesting proportion is 50%; thereafter, vesting is on a straight-line basis.

EPS CAGR and Revenue CAGR are derived from the Annual Report of the Company for the relevant financial years and are subject to adjustment to remove the impact of such items as the Board may determine in its absolute discretion to normalise results (up or down) to more appropriately reflect underlying performance. Without limitation, adjustments may be made to exclude the impact of unusual or one-off items, discontinued operations, impairment charges, acquisitions and disposals, and capital management.

No amount is payable upon vesting of the performance rights and conversion to shares. Each exercised right is an entitlement to one fully paid ordinary share in the Company.

Fair value of performance rights

The fair value of services received in return for performance rights granted to employees is measured by reference to the fair value of the rights granted. The estimate of the fair value of the services received is measured by reference to the vesting conditions specific to the grant based on a simplified Black-Scholes option pricing model.

Fair value of performance rights granted during the period and assumptions

Grant date	**1 Nov 23**	**15 Dec 23**
Fair value at measurement date	$4.20	$4.37
Share price at grant date	$4.20	$4.37
Performance rights life	2.8 years	2.7 years

Notes to the Financial Statements (continued)

Other disclosures

for the year ended 30 June 2024

F2. Share-based payments (continued)

Performance rights granted in previous years

The performance hurdles of performance rights issued in previous years are set out below.

The performance rights vest subject to:

– Continuing employment; and
– Achieving the following performance hurdles over the performance periods:

			Revenue CAGR hurdles		
Performance rights grants:	**Performance period**	**EPS CAGR**	**50% vest**	**85% vest**	**100% vest**
FY22 plan	3 years to 30 June 2024	20%	6%	8%	10%
FY23 plan	3 years to 30 June 2025	10%	6%	8%	10%

Both the minimum EPS CAGR (compound annual growth in diluted earnings per share) and minimum Revenue CAGR (compound annual growth in normalised sales for the FY22 plan and normalised revenue for the FY23 plan) must be achieved for any vesting of performance rights. The minimum vesting proportion is 50%; thereafter, vesting is on a straight-line basis.

EPS CAGR and Revenue CAGR are derived from the Annual Report of the Company for the relevant financial years and are subject to adjustment to remove the impact of such items as the Board may determine in its absolute discretion to normalise results (up or down) to more appropriately reflect underlying performance. Without limitation, adjustments may be made to exclude the impact of unusual or one-off items, discontinued operations, impairment charges, acquisitions and disposals, and capital management.

No amount is payable upon vesting of the performance rights and conversion to shares. Each exercised right is an entitlement to one fully paid ordinary share in the Company.

The weighted average fair value at grant date for current year grants was $4.24 (2023: $6.14) and previous years' grants was $6.65 (2023: $7.18).

LTI outstanding as at 30 June 2024	Number	Grant Dates	Vesting Dates	Expiry Dates
Performance rights – FY22 grants Tranche 2 (FY22 plan)	1,963,298	22-Oct-21	19-Aug-24	19-Aug-24
Performance rights – FY23 grants	1,988,935	30-Sep-22	18-Aug-25	18-Aug-25
Performance rights – FY24 grants	2,932,455	1-Nov-23	17-Aug-26	17-Aug-26
	6,884,688			

F2. Share-based payments (continued)

	Number 2024	Number 2023
Performance rights movements:		
Outstanding at the beginning of the year	6,094,509	4,690,064
Forfeited during the period	(532,449)	(1,067,825)
Granted during the period	3,069,769	2,472,270
Vested during the period	(1,747,141)	–
Outstanding at the end of the year	6,884,688	6,094,509

The weighted average remaining contractual life of performance rights is 1.3 years (2023: 1.2 years).

Amounts recognised in the consolidated statement of comprehensive income

During the year ended 30 June 2024, a $10,727,000 expense was recognised in the consolidated statement of comprehensive income for equity settled share-based payment awards (2023: $17,132,000).

Recognition and measurement

The grant date fair value of share-based payment awards made to employees is recognised as an employee expense with a corresponding increase in the employee equity benefit reserve, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted over the period to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met but is not adjusted when market performance conditions are not met.

Other disclosures

for the year ended 30 June 2024

F3. Auditor's remuneration

The auditor of the Company is Ernst & Young Australia.

Amounts received or due and receivable by Ernst & Young for:	2024 $'000	2023 $'000
Fees to Ernst & Young (Australia):		
Fees for auditing the statutory financial statements of the parent covering the Group and auditing the statutory financial statements of any controlled entities	1,386	1,400
Fees for other assurance and agreed-upon-procedures services	224	177
Fees for other services:		
Market research[1]	156	178
Total fees to Ernst & Young (Australia)	1,766	1,755
Fees to other overseas member firms of Ernst & Young:		
Total fees to other overseas member firms of Ernst & Young for local statutory audits	116	115
	1,882	1,870

1 The market research reports prepared are solely for the Group's internal use and contents of these reports are not subject to Ernst & Young audit.

F4. Subsequent events

As announced on 16 August 2024, the Company confirmed that it had conditionally resolved the various disputes subject to arbitration with Synlait Milk Limited (Synlait), including the exclusivity dispute, pricing disputes, and various other disputes. The settlement is conditional on Synlait completing its equity raise and the refinancing of Synlait's existing banking facilities. a2MC has agreed to support and subscribe for shares under Synlait's equity raise, subject to finalisation of terms which will be set out in Synlait's forthcoming notice of meeting expected to be released this month.

No other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, the results of these operations or state of affairs of the Group in subsequent periods.

Company disclosures

for the year ended 30 June 2024

Contents

1. Substantial product holders

The shares of the Company are quoted on NZX, the ASX and Cboe Australia.

According to substantial product holder notices and the Company's records, the following persons were substantial product holders in respect of the ordinary shares of the Company as at 30 June 2024 (such disclosure being required by the Financial Markets Conduct Act 2013 (NZ)) and as at 1 August 2024 (such disclosure being required by the ASX Listing Rules):

	As at 30 June 2024		As at 1 August 2024	
Name	**Number of ordinary shares in the Company in which a Relevant Interest is held**	**% of ordinary shares held[1]**	**Number of ordinary shares in the Company in which a Relevant Interest is held**	**% of ordinary shares held[1]**
Perpetual Limited and subsidiaries	59,109,211	8.176	59,109,211	8.176
The Goldman Sachs Group, Inc	40,370,505	5.584	40,370,505	5.584
The Vanguard Group	36,159,019	5.002	36,159,019	5.002
Bennelong Funds Management Group Pty Ltd	41,186,962	5.697	41,186,962	5.697

1 Based on issued share capital of 722,934,808 as at 30 June 2024 and 1 August 2024.

The total number of voting shares on issue as at 30 June 2024 was 722,934,808 and the total number of voting shares on issue as at 1 August 2024 was 722,934,808.

2. Voting rights

During the period 1 July 2023 to 30 June 2024, each fully paid ordinary share of the Company gave the holder the right to cast one vote per shareholder on a show of hands and one vote per share on a poll on any resolution. All votes cast at shareholder meetings are by way of poll.

Company disclosures

for the year ended 30 June 2024

3. Twenty largest fully paid equity security holders

The names of the 20 largest holders of ordinary shares in the Company as at 1 August 2024 are listed below:

Rank	Investor name	Number of shares	% Issued capital
1	HSBC Custody Nominees (Australia) Limited	113,290,528	15.67
2	Citicorp Nominees Pty Limited	96,163,814	13.30
3	BNP Paribas Nominees NZ Limited Bpss40*	42,529,528	5.88
4	J P Morgan Nominees Australia Pty Limited	34,661,044	4.79
5	HSBC Nominees (New Zealand) Limited*	26,156,306	3.62
6	Tea Custodians Limited*	21,013,734	2.91
7	HSBC Custody Nominees (Australia) Limited Gsco Eca	20,980,543	2.90
8	Accident Compensation Corporation*	20,509,205	2.84
9	JPMORGAN Chase Bank*	18,595,095	2.57
10	New Zealand Superannuation Fund Nominees Limited*	17,659,815	2.44
11	Citibank Nominees (NZ) Ltd*	15,787,511	2.18
12	New Zealand Depository Nominee	14,021,429	1.94
13	National Nominees Limited	13,425,469	1.86
14	HSBC Nominees (New Zealand) Limited*	9,463,432	1.31
15	Premier Nominees Limited*	8,473,699	1.17
16	Public Trust*	7,323,398	1.01
17	UBS Nominees Pty Ltd	6,938,917	0.96
18	New Zealand Permanent Trustees Limited*	6,325,699	0.88
19	BNP Paribas Noms Pty Ltd	6,123,304	0.85
20	JBWERE (NZ) Nominees Limited	5,945,531	0.82
	Total	**505,388,001**	**69.90**

* These shares are held through New Zealand Central Securities Depository Limited (NZCSD), a depository system which allows electronic trading of securities to members.

4. Spread of security holders as at 1 August 2024 and number of holders

a) Fully paid ordinary shareholders

Size of Shareholding	Number of holders	%	Number of shares	%
1 – 1,000	46,824	66.85	16,304,267	2.26
1,001 – 5,000	17,619	25.15	42,377,226	5.86
5,001 – 10,000	3,226	4.61	23,931,664	3.31
10,001 – 100,000	2,229	3.18	52,293,776	7.23
100,001 shares or more	144	0.21	588,027,875	81.34
Total	**70,042**	**100**	**722,934,808**	**100**

As at 1 August 2024, and based on the closing market price on that date, the number of holders with 127 or less ordinary shares (being less than a minimum holding of NZ$1,000 under the NZX Listing Rules) was 1,214 and the number of holders with 70 or less ordinary shares (being less than a marketable parcel of A$500 under the ASX Listing Rules) was 6,099.

b) Performance rights (unlisted securities not quoted by the NZX or ASX)

Size of holding	Number of holders	Number of rights	%[1]
1 – 5,000	1	4,234	0.06
5,001 – 10,000	8	60,395	0.88
10,001 – 100,000	42	1,369,797	19.90
100,001 performance rights or more	18	5,450,262	79.17
Total	**69**	**6,884,688**	**100**

1 All values subject to rounding.

Company disclosures

for the year ended 30 June 2024

5. Directors' relevant interests and share dealings

Directors of the Company reported the following acquisitions and disposals of relevant interests in financial products of the Company during the period 1 July 2023 to 30 June 2024:

Registered holder	Beneficial/ Non-beneficial	Acquired/ (Disposed)	Class of financial product	Date	Consideration paid/(received) NZD
David Bortolussi					
DMZSK Pty Ltd[1]	Beneficial	(478,577)	Performance Rights	30 August 2023	N/A
DMZSK Pty Ltd[1]	Beneficial	478,577	Ordinary shares	30 August 2023	N/A
DMZSK Super Pty Ltd	Beneficial	690,066	Performance Rights	15 December 2023	N/A

1 Reflects the issue of ordinary shares to David Bortolussi following the vesting and automatic exercise of performance rights.

Directors of the Company as at 30 June 2024 held the following relevant interests in the financial products of the Company as at that date:

Registered holder	Beneficial/ Non-beneficial	Balance held No.	Class of financial product
David Bortolussi			
DMZSK Pty Ltd as trustee of D&M Bortolussi Family Trust	Beneficial	789,860	Ordinary shares
DMZSK Pty Ltd as trustee of D&M Bortolussi Family Trust	Beneficial	490,906	Performance rights
DMZSK Super Pty Ltd as trustee for D&M Bortolussi Superannuation Fund	Beneficial	1,191,246	Performance rights
Warwick Every-Burns			
Warwick Every-Burns as trustee of Wake Super Fund	Beneficial	75,000	Ordinary shares
Kathryn Every-Burns	Beneficial	25,000	Ordinary shares
Pip Greenwood			
The New Zealand Guardian Trust Company Limited as the supervisor for Craigs KiwiSaver Scheme	Beneficial	30,000	Ordinary shares
Kate Mitchell			
Forsyth Barr Custodian Limited	Beneficial	1,000	Ordinary shares

6. Credit rating status

Not applicable.

7. NZX Waivers

On 16 October 2023, NZ RegCo granted the Company a waiver from the requirement for the Company to include an appraisal report with its Notice of Meeting in respect of resolution 3 under Listing Rule 7.8.5(b). The terms of this waiver can be found on the Company's announcement page on the NZX website (www.nzx.com/companies/ATM/announcements).

8. Particulars of notices or statements given to or approved by the Board

8.1. Interests register

The Company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for the Company is available for inspection on request by shareholders.

Directors have declared interests during the reporting period ended 30 June 2024 as follows:

- The Company has arranged and paid for policies for directors' liability insurance which ensure that the directors are protected against liabilities and costs for acts or omissions by them in their capacity as directors of the Company and its subsidiaries.
- The Company has provided Deeds of Indemnity to all directors for potential liabilities and costs they may incur for acts or omissions in their capacity as directors of the Company and its subsidiaries.
- Directors' relevant interests and share dealings as outlined in section 5, above.

During the reporting period ended 30 June 2024, directors advised the Company of the following changes or additional entries in the Company's interests register:

Name of Director	Entity	Position
David Bortolussi	SkinKandy Holdings Pty Ltd	Director and chair
Kate Mitchell	Farmright Limited	Ceased to be a director
Kate Mitchell	Purepods Limited	Appointed as a director
Kate Mitchell	Firsttrax Approvals Limited	Appointed as a director
Kate Mitchell	The Gut Foundation	Appointed as a trustee
Sandra Yu	91APP, Inc	Appointed as a director

No other entries were made in the interests registers of the Company's subsidiaries during the reporting period.

Company disclosures

for the year ended 30 June 2024

8.2. Directors of subsidiary companies

The following persons held office as directors of subsidiary companies during the year ended 30 June 2024.

Subsidiary	Jurisdiction	Directors (or equivalent)
The a2 Milk Company (Export) Limited	New Zealand	David Bortolussi David Muscat
a2 Infant Nutrition Limited	New Zealand	David Bortolussi Ping (Chopin) Zhang
a2 Holdings UK Limited	New Zealand	David Bortolussi David Muscat
The a2 Milk Company (New Zealand) Limited	New Zealand	David Bortolussi
Mataura Valley Milk Limited	New Zealand	Deyong Zhang (resigned 1 October 2023) David Muscat Ping (Chopin) Zhang Cao Siyuan Qingchun Yang (appointed 1 October 2023)
a2 Australian Investments Pty Ltd	Australia	David Bortolussi David Muscat
a2 Botany Pty Ltd	Australia	David Bortolussi David Muscat
The a2 Milk Company (Australia) Pty Ltd	Australia	David Bortolussi David Muscat
a2 Infant Nutrition Australia Pty Ltd	Australia	David Bortolussi David Muscat
a2 Exports Australia Pty Ltd	Australia	David Bortolussi David Muscat
The a2 Milk Company (Nutrition) Pty Ltd	Australia	David Bortolussi David Muscat
a2 ESS Holdings Pty Ltd[1]	Australia	David Bortolussi David Muscat
The a2 Milk Company Ltd	British Columbia, Canada	David Bortolussi David Muscat
The a2 Milk Company Limited[2]	Scotland, UK	David Hearn
The a2 Milk Company	Delaware, USA	David Hearn (resigned 16 November 2023) David Bortolussi David Muscat (appointed 16 November 2023)
The a2 Milk Company LLC	Delaware, USA	David Bortolussi David Muscat
a2 Infant Nutrition (Shanghai) Co., Ltd.	China	Xiao Li
The a2 Milk Company (Shanghai) Ltd[3]	China	Xiao Li
The a2 Milk Company (Singapore) Pte. Ltd.	Singapore	David Bortolussi David Muscat Shaun Singh

1. a2 ESS Holdings Pty Ltd was incorporated in FY24.
2. The a2 Milk Company Limited (UK) was wound up in FY24.
3. The a2 Milk Company (Shanghai) Ltd was incorporated in FY24.

No employee of the Company appointed as a director of the Company or its subsidiaries receives remuneration or other benefits in their role as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed under Employee remuneration range in section 14.

8.3. Use of Company information

The Board received no notices during the reporting period ended 30 June 2024 from directors requesting to use Company information received in their capacity as directors which would not have been otherwise available to them.

9. Limitations on the acquisition of securities

The Company is not subject to chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth, Australia) dealing with the acquisition of its shares (including substantial holdings and takeovers).

Limitations on the acquisition of the securities imposed by New Zealand law are as follows:

(i) In general, fully paid ordinary shares in the Company are freely transferable, and the only significant restrictions or limitations in relation to the acquisition of fully paid ordinary shares in the Company are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.

(ii) The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in the Company, or the increase of an existing holding of 20% or more of the voting rights in the Company, can only occur in certain permitted ways. These include a full takeover offer, a partial takeover offer, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more shares in the Company, in each case in accordance with the New Zealand Takeovers Code.

(iii) The New Zealand Overseas Investment Act 2005 regulates certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Office will likely be required where an ‘overseas person’ acquires shares or an interest in shares in the Company that amount to more than 25% of the shares issued by the Company or, if the overseas person already holds 25% or more, the acquisition increases that holding.

(iv) The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

The Company has complied with, and continues to comply with, the requirements of the NZX Listing Rules with respect to the issue of new securities.

10. On-market buyback

There is no current on-market buyback of the Company’s securities.

11. On-market purchases

During the reporting period ended 30 June 2024, no shares of the Company were purchased on-market.

12. Donations

The Company and its subsidiaries have made donations of cash and products totalling $2,972,076 during the year ended 30 June 2024 (2023: $2,840,890).

Company disclosures

for the year ended 30 June 2024

13. Directors and officers

For the purposes of NZX Listing Rule 3.8.1(c), the quantitative breakdown as to the gender composition of the Company's directors and officers as at 30 June 2024 and 30 June 2023 is as follows:

	At 30 June 2024	At 30 June 2023
Directors	6	7
Females	3	3
Males	3	4
Gender diverse	–	–
Officers	10	10
Females	3	3
Males	7	7
Gender diverse	–	–

14. Employee remuneration range

The following table shows the number of employees and former employees of the Company and its subsidiaries (not being directors or former directors of the Company) who, in their capacity as employees, received remuneration and other benefits valued at or in excess of $100,000 during the year to 30 June 2024.

The remuneration bands are expressed in New Zealand Dollars.

Remuneration Range $ (gross)	Number of employees in the year ended 30 June 2024 (based on actual payments)	Value of exercised rights included in remuneration range $
$100,000 - $109,999	38	–
$110,000 - $119,999	29	–
$120,000 - $129,999	21	–
$130,000 - $139,999	18	–
$140,000 - $149,999	23	–
$150,000 - $159,999	16	–
$160,000 - $169,999	15	–
$170,000 - $179,999	13	–
$180,000 - $189,999	12	–
$190,000 - $199,999	7	–
$200,000 - $209,999	12	–
$210,000 - $219,999	14	–
$220,000 - $229,999	1	–
$230,000 - $239,999	11	–
$240,000 - $249,999	3	–
$250,000 - $259,999	2	–
$260,000 - $269,999	4	–
$270,000 - $279,999	2	154,101
$280,000 - $289,999	5	–
$290,000 - $299,999	1	–
$300,000 - $309,999	7	97,498
$310,000 - $319,999	5	44,610
$320,000 - $329,999	5	50,778
$330,000 - $339,999	5	–
$340,000 - $349,999	1	–
$350,000 - $359,999	2	98,411
$360,000 - $369,999	2	31,699
$370,000 - $379,999	3	–
$380,000 - $389,999	3	94,199
$400,000 - $409,999	3	–
$420,000 - $429,999	3	188,631
$440,000 - $449,999	1	–
$460,000 - $469,999	2	120,673

Remuneration Range $ (gross)	Number of employees in the year ended 30 June 2024 (based on actual payments)	Value of exercised rights included in remuneration range $
$470,000 - $479,999	1	79,487
$510,000 - $519,999	1	60,757
$520,000 - $529,999	1	117,601
$540,000 - $549,999	1	146,431
$620,000 - $629,999	1	51,555
$670,000 - $679,999	1	145,296
$720,000 - $729,999	4	548,596
$730,000 - $739,999	1	–
$750,000 - $759,999	1	117,156
$760,000 - $769,999	1	–
$770,000 - $779,999	1	310,405
$840,000 - $849,999	1	842,057
$850,000 - $859,999	2	155,415
$870,000 - $879,999	1	–
$930,000 - $939,999	1	–
$1,060,000 - $1,069,999	1	174,841
$1,100,000 - $1,109,999	1	277,933
$1,120,000 - $1,129,999	1	220,142
$1,140,000 - $1,149,999	1	–
$1,280,000 - $1,289,999	1	–
$1,500,000 - $1,509,999	1	459,396
$1,610,000 - $1,619,999	1	396,818
$4,300,000 - $4,309,999	1	1,008,707
Total	**316**	**5,993,193**

The table includes base salaries, short-term incentives, contributions paid to an individual's superannuation fund, or, if an individual is a KiwiSaver member, contributions of 3% of gross earnings towards that individual's KiwiSaver scheme, and exercised performance rights. The table does not include amounts paid after 30 June 2024 relating to FY25, and long-term incentives that have been granted and have not yet vested or been exercised (as applicable).

15. Principal activities

There were no significant changes to the nature of the business of the Company (or its subsidiaries) or to the classes of business in which the Company (or its subsidiaries) had an interest during the year ended 30 June 2024.

16. Reconciliation of EBITDA to net profit after tax

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-GAAP measure. However, the Company believes that it provides investors with a comprehensive understanding of the underlying performance of the business.

	2024 $'000	2023 $'000
Group EBITDA	234,344	219,298
Depreciation & amortisation	(32,199)	(18,197)
EBIT	**202,145**	**201,101**
Interest income	40,396	26,733
Interest expense	(4,401)	(4,972)
Income tax expense	(84,258)	(78,021)
Net profit after tax	**153,882**	**144,841**
Attributable to:		
Owners of the Company	167,577	155,638
Non-controlling interests	(13,695)	(10,797)
	153,882	**144,841**

Corporate directory

Company	The a2 Milk Company Limited
New Zealand share registry	MUFG Pension & Market Services PO Box 91976 Victoria Street West Auckland 1142 New Zealand Telephone: +64 9 375 5998
Australian share registry	MUFG Pension & Market Services Locked Bag A14 Sydney South NSW 1235 Australia Telephone: +61 1300 554 474
Registered offices	Level 10 51 Shortland Street Auckland 1010 New Zealand Level 4 182 Blues Point Road McMahons Point NSW 2060 Australia Telephone: +61 2 9697 7000
Auditor	Ernst & Young 200 George Street Sydney NSW 2000 Australia
Company Secretary	Jaron McVicar
Corporate website	www.thea2milkcompany.com

thea2milkcompany.com