

| | |
|---|--------------------------------|
| The a2 Milk Company Limited ARBN 158 331 965 | |
| ASX Appendix 4D – Half Year Report | |
| Results for announcement to the market | |
| Reporting period | Six months to 31 December 2024 |
| Previous reporting period | Six months to 31 December 2023 |

| | Amount (000s) | Percentage change |
|--|---------------|-------------------|
| Revenue from continuing ordinary activities | \$NZ 893,848 | 10.1% |
| Profit (loss) from continuing ordinary activities after tax attributable to security holders | \$NZ 91,725 | 7.6% |
| Net profit (loss) attributable to security holders | \$NZ 91,725 | 7.6% |

| Dividends | Amount per security (\$NZ) | Franked amount per security (\$NZ) at 100% |
|--|----------------------------|--|
| Interim dividend declared subsequent to 31 December 2024 | 0.08500000 | 0.03642857 |

| | |
|----------------------------|----------------|
| Record date | 21 March 2025 |
| Dividend payment date | 4 April 2025 |
| Dividend reinvestment plan | Not applicable |

| | |
|-----------|---|
| Comments: | For further information refer to the attached: 1H25 Interim Report 1H25 Interim Results Commentary and Outlook 1H25 Results Presentation |
|-----------|---|

| | | |
|----------------------------------|-------------------------------|---------------------------|
| Net Tangible Assets per security | 31 December 2024 \$NZ 1.67 | 30 June 2024 \$NZ 1.54 |
|----------------------------------|-------------------------------|---------------------------|



The a2 Milk Company

2025 INTERIM REPORT

We pioneer the future of Dairy for good





Contents

| | |
|--|-----------|
| Financial statements | 2 |
| Directors' declaration | 2 |
| Consolidated statement of comprehensive income | 3 |
| Consolidated statement of changes in equity | 4 |
| Consolidated statement of financial position | 6 |
| Consolidated statement of cash flows | 7 |
| Notes to the interim financial statements | 8 |
| Auditor's review report | 17 |
| Corporate directory | 19 |

Financial statements

Directors' declaration

for the six months ended 31 December 2024

The directors of The a2 Milk Company Limited are pleased to present the interim report for the six months ended 31 December 2024.

The interim report is unaudited and was authorised for issue by the directors on 16 February 2025.

Signed on behalf of the Board by:



Pip Greenwood
Chair



David Bortolussi
Managing Director and CEO

16 February 2025

Consolidated statement of comprehensive income (unaudited)

for the six months ended 31 December 2024

| | Note | 31 Dec 24 \$'000 | 31 Dec 23 \$'000 |
|--|------|---------------------|---------------------|
| Sales | 2 | 892,790 | 811,099 |
| Cost of sales | | (492,829) | (432,299) |
| Gross margin | | 399,961 | 378,800 |
| Other revenue | 2 | 1,058 | 1,005 |
| Distribution expenses | | (26,948) | (25,530) |
| Marketing expenses | | (145,887) | (136,700) |
| Administrative and other expenses | | (124,231) | (113,168) |
| Operating profit | | 103,953 | 104,407 |
| Interest income | | 25,211 | 19,300 |
| Finance costs | | (1,898) | (2,793) |
| Net finance income | | 23,313 | 16,507 |
| Profit before tax | | 127,266 | 120,914 |
| Income tax expense | | (43,270) | (42,320) |
| Profit for the period | | 83,996 | 78,594 |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the Company | | 91,725 | 85,261 |
| Non-controlling interests | | (7,729) | (6,667) |
| | | 83,996 | 78,594 |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss: | | | |
| Foreign currency translation gain/(loss) | | 7,181 | (4,019) |
| Cash flow hedges fair value (loss)/profit | | (6,724) | 1,024 |
| Items not to be reclassified to profit or loss: | | | |
| Listed and unlisted investments fair value profit/(loss) | | 8,938 | (30,780) |
| Total other comprehensive income/(loss), net of tax | | 9,395 | (33,775) |
| Total other comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | 11,241 | (34,507) |
| Non-controlling interests | | (1,846) | 732 |
| | | 9,395 | (33,775) |
| Total comprehensive income | | 93,391 | 44,819 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | 102,966 | 50,754 |
| Non-controlling interests | | (9,575) | (5,935) |
| | | 93,391 | 44,819 |
| Earnings per share | | | |
| Basic (cents per share) | | 12.68 | 11.80 |
| Diluted (cents per share) | | 12.61 | 11.76 |

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity (unaudited)

for the six months ended 31 December 2024

| Six months ended 31 December 2024 | Attributable to owners of the Company | | | | | | | | | | Total equity \$'000 |
|---|---|---|--|--------------------------------------|---------------------------|--------------------------|-----------------------------|-------------------------|-----------------|--|------------------------|
| | 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 | |
| Balance 1 July 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 |
| Profit after tax for the period | - | - | - | - | - | - | 91,725 | - | 91,725 | (7,729) | 83,996 |
| Foreign currency translation differences – foreign operations | 7,181 | - | - | - | - | 7,181 | - | - | 7,181 | - | 7,181 |
| Changes in cash flow hedges taken to equity | - | - | - | - | (5,667) | (5,667) | - | - | (5,667) | (1,972) | (7,639) |
| Cash flow hedges reclassified to profit or loss | - | - | - | - | 1,045 | 1,045 | - | - | 1,045 | 126 | 1,171 |
| Listed and unlisted investments – fair value movement | - | 8,938 | - | - | - | 8,938 | - | - | 8,938 | - | 8,938 |
| Income tax | - | - | - | - | (256) | (256) | - | - | (256) | - | (256) |
| Total comprehensive income for the period | 7,181 | 8,938 | - | - | (4,878) | 11,241 | 91,725 | - | 102,966 | (9,575) | 93,391 |
| Transactions with owners in their capacity as owners: | | | | | | | | | | | |
| Employee withholding tax payments | - | - | (430) | - | - | (430) | - | - | (430) | - | (430) |
| Treasury shares transferred | - | - | (5,323) | 5,323 | - | - | - | - | - | - | - |
| Share-based payments | - | - | 5,040 | - | - | 5,040 | - | - | 5,040 | - | 5,040 |
| Total transactions with owners | - | - | (713) | 5,323 | - | 4,610 | - | - | 4,610 | - | 4,610 |
| Balance 31 December 2024 | 1,340 | (270,089) | 66,579 | (3,383) | (2,996) | (208,549) | 1,582,501 | 100 | 1,374,052 | (19,278) | 1,354,774 |

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity (unaudited)

for the six months ended 31 December 2024

| Six months ended 31 December 2023 | Attributable to owners of the Company | | | | | | | | | | Total equity \$'000 |
|---|---|---|--|--------------------------------------|---------------------------|--------------------------|-----------------------------|-------------------------|-----------------|--|------------------------|
| | 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 | |
| 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 | - | - | - | - | - | - | 85,261 | - | 85,261 | (6,667) | 78,594 |
| Foreign currency translation differences - foreign operations | (4,019) | - | - | - | - | (4,019) | - | - | (4,019) | - | (4,019) |
| Changes in cash flow hedges taken to equity | - | - | - | - | (2,303) | (2,303) | - | - | (2,303) | 462 | (1,841) |
| Cash flow hedges reclassified to profit or loss | - | - | - | - | 1,855 | 1,855 | - | - | 1,855 | 270 | 2,125 |
| Listed investment - fair value movement | - | (30,780) | - | - | - | (30,780) | - | - | (30,780) | - | (30,780) |
| Income tax | - | - | - | - | 740 | 740 | - | - | 740 | - | 740 |
| Total comprehensive income for the period | (4,019) | (30,780) | - | - | 292 | (34,507) | 85,261 | - | 50,754 | (5,935) | 44,819 |
| 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 | - | - | 5,519 | - | - | 5,519 | - | - | 5,519 | - | 5,519 |
| Total transactions with owners | - | - | 388 | 4,896 | - | 5,284 | - | - | 5,284 | - | 5,284 |
| Balance 31 December 2023 | (10,799) | (247,596) | 61,635 | (8,706) | (1,236) | (206,702) | 1,408,460 | 100 | 1,201,858 | (2,254) | 1,199,604 |

The accompanying notes form part of these financial statements.

Consolidated statement of financial position (unaudited)

as at 31 December 2024

| | Note | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|--|------|---------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and term deposits | 8 | 1,042,034 | 968,943 |
| Trade and other receivables | | 93,688 | 78,070 |
| Prepayments | | 58,821 | 52,545 |
| Inventories | 5 | 192,563 | 179,648 |
| Other financial assets | 6 | 20,720 | 8,739 |
| Total current assets | | 1,407,826 | 1,287,945 |
| Non-current assets | | | |
| Property, plant and equipment | | 222,847 | 231,433 |
| Right-of-use assets | | 25,137 | 25,921 |
| Investment property | | 35,368 | 30,845 |
| Intangible assets | | 111,655 | 111,093 |
| Other financial assets | 6 | 58,170 | 13,509 |
| Deferred tax assets | | 34,413 | 34,129 |
| Total non-current assets | | 487,590 | 446,930 |
| Total assets | | 1,895,416 | 1,734,875 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 385,495 | 347,569 |
| Lease liabilities | | 6,088 | 5,598 |
| Loans and borrowings | 10 | 28,000 | - |
| Income tax payable | | 32,145 | 57,384 |
| Other financial liabilities | 7 | 22,189 | 6,223 |
| Total current liabilities | | 473,917 | 416,774 |
| Non-current liabilities | | | |
| Trade and other payables | | 634 | 532 |
| Lease liabilities | | 21,749 | 22,732 |
| Loans and borrowings | 10 | 38,764 | 37,890 |
| Other financial liabilities | 7 | 5,578 | 174 |
| Total non-current liabilities | | 66,725 | 61,328 |
| Total liabilities | | 540,642 | 478,102 |
| Net assets | | 1,354,774 | 1,256,773 |
| Equity | | | |
| Share capital | 12 | 100 | 100 |
| Retained earnings | | 1,582,501 | 1,490,776 |
| Reserves | | (208,549) | (224,400) |
| Total equity attributable to owners of the Company | | 1,374,052 | 1,266,476 |
| Non-controlling interests | | (19,278) | (9,703) |
| Total equity | | 1,354,774 | 1,256,773 |

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows (unaudited)

for the six months ended 31 December 2024

| | Note | 31 Dec 24 \$'000 | 31 Dec 23 \$'000 |
|--|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 872,790 | 799,690 |
| Payments to suppliers and employees | | (746,469) | (701,466) |
| Interest received | | 24,129 | 18,128 |
| Interest paid | | (989) | (2,345) |
| Taxes paid | | (70,664) | (51,872) |
| Net cash inflow from operating activities | 9 | 78,797 | 62,135 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (2,444) | (12,909) |
| Payments for investment property | | (4,683) | (6,843) |
| Payments for intangible assets | | (541) | - |
| Investment in listed shares | 6 | (32,802) | - |
| Payments for term deposits | | (400,000) | (350,000) |
| Receipts from term deposits | | 350,000 | 350,000 |
| Net cash outflow from investing activities | | (90,470) | (19,752) |
| Cash flows from financing activities | | | |
| Payments of lease principal | | (2,866) | (2,056) |
| Net proceeds from/(repayments of) borrowings | | 28,000 | (45,000) |
| Net cash inflow/(outflow) from financing activities | | 25,134 | (47,056) |
| Net increase/(decrease) in cash and short-term deposits | | 13,461 | (4,673) |
| Cash and short-term deposits at the beginning of the period | | 518,943 | 352,234 |
| Effect of exchange rate changes on cash | | 9,630 | (5,465) |
| Cash and short-term deposits at the end of the period | 8 | 542,034 | 342,096 |

The accompanying notes form part of these financial statements.

Notes to the interim financial statements

for the six months ended 31 December 2024

1. Basis of preparation

The a2 Milk Company Limited (the Company) and its subsidiaries (together the Group) is a for-profit entity incorporated and domiciled in New Zealand.

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 financial report is presented in New Zealand dollars, and all values are rounded to the nearest thousand (\$'000), unless otherwise indicated.

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

These consolidated financial statements were authorised for issue by the directors on 16 February 2025.

Statement of compliance

These interim financial statements have not been audited. The interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*, and have been the subject of a review by the auditors.

This interim report should be read in conjunction with the Group's annual report for the year ended 30 June 2024, available at www.thea2milkcompany.com/results.

The same accounting policies and methods of computation are followed in this interim report as were applied in the preparation of the Group's financial statements for the year ended 30 June 2024, or if new in the period are included in the relevant note.

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

Changes in material accounting policies

The Group has applied all of the 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 half year ended 31 December 2024.

New standards and interpretations not yet adopted

There are no new standards and interpretations that are issued, but not yet mandatorily effective as at 31 December 2024, that are expected to have a material impact on the Group in current or future reporting periods.

2. Operating segments

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 1H25 Interim Results Commentary and Outlook, which has been lodged concurrently with the interim report.

For management purposes, the Group is organised into business units based primarily on geographical location, and in the current period 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.

2. Operating segments (continued)

| Six months to 31 December 2024 | China and Other Asia \$'000 | Australia and New Zealand \$'000 | USA \$'000 | Mataura Valley Milk \$'000 | Eliminations \$'000 | Total \$'000 |
|--|--|---|-----------------------|---------------------------------------|--------------------------------|-------------------------|
| Consolidated sales | 614,249 | 156,861 | 64,295 | 57,385 | - | 892,790 |
| Other revenue | - | 879 | 179 | - | - | 1,058 |
| Total external revenue | 614,249 | 157,740 | 64,474 | 57,385 | - | 893,848 |
| Inter-segment revenue | - | - | - | 15,685 | (15,685) | - |
| Reportable segment revenue | 614,249 | 157,740 | 64,474 | 73,070 | (15,685) | 893,848 |
| Reportable segment results (Segment EBITDA) | 148,040 | 29,519 | (4,856) | (11,914) | (122) | 160,667 |
| Corporate EBITDA | | | | | | (41,800) |
| Group EBITDA | | | | | | 118,867 |
| Interest income | | | | | | 25,211 |
| Interest expense | | | | | | (1,852) |
| Depreciation and amortisation | | | | | | (14,960) |
| Income tax expense | | | | | | (43,270) |
| Consolidated profit after tax | | | | | | 83,996 |
| Six months to 31 December 2023 | China and Other Asia \$'000 | Australia and New Zealand \$'000 | USA \$'000 | Mataura Valley Milk \$'000 | Eliminations \$'000 | Total \$'000 |
| Consolidated sales | 549,459 | 161,370 | 56,759 | 43,511 | - | 811,099 |
| Other revenue | - | 824 | 181 | - | - | 1,005 |
| Total external revenue | 549,459 | 162,194 | 56,940 | 43,511 | - | 812,104 |
| Inter-segment revenue | - | - | - | 8,007 | (8,007) | - |
| Reportable segment revenue | 549,459 | 162,194 | 56,940 | 51,518 | (8,007) | 812,104 |
| Reportable segment results (Segment EBITDA) | 135,911 | 34,764 | (8,337) | (15,268) | - | 147,070 |
| Corporate EBITDA | | | | | | (33,845) |
| Group EBITDA | | | | | | 113,225 |
| Interest income | | | | | | 19,300 |
| Interest expense | | | | | | (2,740) |
| Depreciation and amortisation | | | | | | (8,871) |
| Income tax expense | | | | | | (42,320) |
| Consolidated profit after tax | | | | | | 78,594 |

Notes to the interim financial statements

for the six months ended 31 December 2024

3. Revenue

Disaggregation of revenue

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

| Six months to 31 December 2024 | China and Other Asia \$'000 | Australia and New Zealand \$'000 | USA \$'000 | Mataura Valley Milk \$'000 | Total \$'000 |
|---------------------------------------|--------------------------------|-------------------------------------|---------------|-------------------------------|-----------------|
| Infant milk formula: | | | | | |
| China label | 305,020 | - | - | - | 305,020 |
| English and other labels ¹ | 258,390 | 40,492 | 845 | - | 299,727 |
| Liquid milk ² | - | 103,811 | 63,450 | - | 167,261 |
| Other nutritionals ³ | 50,839 | 12,558 | - | - | 63,397 |
| Ingredients | - | - | - | 57,385 | 57,385 |
| Other revenue | - | 879 | 179 | - | 1,058 |
| | 614,249 | 157,740 | 64,474 | 57,385 | 893,848 |

| Six months to 31 December 2023 | China and Other Asia \$'000 | Australia and New Zealand \$'000 | USA \$'000 | Mataura Valley Milk \$'000 | Total \$'000 |
|---------------------------------------|--------------------------------|-------------------------------------|---------------|-------------------------------|-----------------|
| Infant milk formula: | | | | | |
| China label | 299,001 | - | - | - | 299,001 |
| English and other labels ¹ | 210,509 | 53,951 | 807 | - | 265,267 |
| Liquid milk ² | - | 93,315 | 55,952 | - | 149,267 |
| Other nutritionals ³ | 39,949 | 14,104 | - | - | 54,053 |
| Ingredients | - | - | - | 43,511 | 43,511 |
| Other revenue | - | 824 | 181 | - | 1,005 |
| | 549,459 | 162,194 | 56,940 | 43,511 | 812,104 |

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.

4. Expenses

| | 31 Dec 24 \$'000 | 31 Dec 23 \$'000 |
|--|---------------------|---------------------|
| Profit before income tax includes the following significant items: | | |
| Salary and wage costs | 56,251 | 50,493 |
| Equity settled share-based payments (refer to Note 13) | 5,040 | 5,519 |
| Bad and doubtful debts expense/(recovery) | - | (44) |
| Depreciation and amortisation | 14,960 | 8,871 |
| Net foreign exchange losses/(gains) | 8,436 | (1,205) |
| Cash flow hedge losses | 1,171 | 2,125 |

5. Inventories

| | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|---|---------------------|---------------------|
| Raw materials | 29,775 | 29,783 |
| Finished goods | 162,788 | 149,865 |
| Total inventories at the lower of cost and net realisable value | 192,563 | 179,648 |

At period end \$9,423,000 (31 December 2023: \$8,900,000) was recognised as an expense in cost of sales for inventories written down or written off.

6. Other financial assets

| | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|------------------------------------|---------------------|---------------------|
| Current | | |
| Foreign currency forward contracts | 20,720 | 8,739 |
| Non-current | | |
| Foreign currency forward contracts | 3,176 | 255 |
| Listed investment at fair value | 52,041 | 9,754 |
| Unlisted investment at fair value | 2,953 | 3,500 |
| | 58,170 | 13,509 |

Listed investment

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 the ASX) with which the Group has an ongoing Nutritional Powders Manufacturing and Supply Agreement. No dividends were received from this investment during the period (2023: \$nil).

In October 2024, the Group participated in Synlait's recapitalisation via an equity raise, acquiring a further 76,283,104 shares for \$32,802,000. For the purposes of ASX quotation requirements in respect of the new shares issued to the Group, it entered into a voluntary escrow deed poll under which it undertook not to sell, assign, or otherwise dispose of, or transfer the effective control of the 76,283,104 shares acquired under the placement for a period of twelve months from the date of allotment. This restriction is subject to certain exceptions.

There was no change to the Group's total percentage holding in Synlait, which remains at 19.8% (2023: 19.8%).

A fair value gain of \$9,485,000 (2023: loss \$30,780,000) was recognised in other comprehensive income for the period.

Shareholding in Synlait Milk Limited

| Movements in the period | Shares '000 | Cost \$'000 | Share price at report date \$ | Market Value \$'000 | Mark to market \$'000 |
|---------------------------|----------------|----------------|-------------------------------------|------------------------|--------------------------|
| Balance 30 June 2024 | 43,353 | 288,781 | 0.225 | 9,754 | (279,027) |
| Placement | 76,283 | 32,802 | | | |
| Balance 31 December 2024 | 119,636 | 321,583 | 0.435 | 52,041 | (269,542) |
| Fair value gain in period | | | | | 9,485 |

Notes to the interim financial statements

for the six months ended 31 December 2024

7. Other financial liabilities

| | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Current | | |
| Foreign currency forward contracts | 22,189 | 6,223 |
| Non-current | | |
| Foreign currency forward contracts | 5,578 | 174 |

8. Cash and term deposits

| | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|------------------------------|-----------------------------|-----------------------------|
| Cash at banks and on hand | 206,276 | 150,269 |
| Short-term deposits | 335,758 | 368,674 |
| Cash and short-term deposits | 542,034 | 518,943 |
| Other current term deposits | 500,000 | 450,000 |
| Cash and term deposits | 1,042,034 | 968,943 |

Other current term deposits comprise term deposits with a maturity greater than three months and less than twelve months. 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:

| | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|------------------------------|-----------------------------|-----------------------------|
| Cash at banks and on hand | 206,276 | 150,269 |
| Short-term deposits | 335,758 | 368,674 |
| Cash and short-term deposits | 542,034 | 518,943 |

9. Reconciliation of after tax profit with net cash flows from operating activities

| | 31 Dec 24 \$'000 | 31 Dec 23 \$'000 |
|--|---------------------|---------------------|
| Net profit for the period | 83,996 | 78,594 |
| Adjustments for non-cash items: | | |
| Depreciation and amortisation | 14,960 | 8,871 |
| Share-based payments | 5,040 | 5,519 |
| Net foreign exchange (gain)/loss | (3,029) | 1,840 |
| Gain on termination of lease | (53) | - |
| Changes in working capital: | | |
| Trade and other receivables | (15,618) | (8,337) |
| Prepayments | (6,276) | (3,701) |
| Inventories | (12,915) | (3,138) |
| Trade and other payables | 38,472 | (8,767) |
| Tax balances | (25,780) | (8,746) |
| Net cash inflow from operating activities | 78,797 | 62,135 |

10. Loans and borrowings

| | 31 Dec 24 \$'000 | 30 Jun 24 \$'000 |
|---|---------------------|---------------------|
| Current | | |
| Secured: | | |
| Bank loans | 28,000 | - |
| | 28,000 | - |
| Non-current | | |
| Unsecured: | | |
| Loan from MVM's non-controlling shareholder | 38,764 | 37,890 |
| | 38,764 | 37,890 |

All of the loans and borrowings are specific to Mataura Valley Milk Limited (MVM) and are interest bearing.

The average interest rate applicable at 31 December 2024 for the current bank loans was 5.14%.

Finance facilities available to MVM:

- Total bank debt facilities of \$45 million (30 June 2024: \$45 million), of which \$28 million was drawn as at 31 December 2024 (30 June 2024: undrawn).
- A performance guarantee facility of \$10 million, fully drawn as at 31 December 2024.

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 31 December 2024.

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 31 December 2024 was 2.56%.

Notes to the interim financial statements

for the six months ended 31 December 2024

11. Financial instruments

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:

| | Hierarchy level | 31 December 2024 | | 30 June 2024 | |
|--|-----------------|------------------------|-------------------|------------------------|-------------------|
| | | Carrying amount \$'000 | Fair value \$'000 | Carrying amount \$'000 | Fair value \$'000 |
| Cash and term deposits | | 1,042,034 | 1,042,034 | 968,943 | 968,943 |
| Trade and other receivables | | 93,688 | 93,688 | 78,070 | 78,070 |
| Foreign currency forward contract assets | 2 | 23,896 | 23,896 | 8,994 | 8,994 |
| Listed investment | 1 | 52,041 | 52,041 | 9,754 | 9,754 |
| Unlisted investment | 3 | 2,953 | 2,953 | 3,500 | 3,500 |
| Secured bank loans | 2 | (28,000) | (28,000) | - | - |
| Unsecured loan from MVM's non-controlling shareholder | 2 | (38,764) | (35,818) | (37,890) | (33,367) |
| Trade and other payables – excluding employee entitlements and customer contract liabilities | | (364,382) | (364,382) | (321,935) | (321,935) |
| Foreign currency forward contract liabilities | 2 | (27,767) | (27,767) | (6,397) | (6,397) |
| | | 755,699 | 758,645 | 703,039 | 707,562 |

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 period to assets and liabilities not recognised in the 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 – valuation based on most recently published financial information provided by the entity.
- 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 equals fair value.

12. Share capital

| Movements in contributed equity: | Number of shares | \$'000 |
|---|-------------------------|---------------|
| Fully paid ordinary shares: | | |
| Balance 30 June 2024 | 722,934,808 | 100 |
| Movements in the period: | | |
| Vesting of performance rights | 1,084,310 | - |
| Balance 31 December 2024 | 724,019,118 | 100 |

Vesting of performance rights: Shares issued to employees participating in Group employee share plans.

As at 31 December 2024, the trustee of the a2MC Group Employee Share Trust held 508,048 of the Company's shares (30 June 2024: 1,307,576 shares) purchased on-market and available solely to participants in Group employee share plans.

13. 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 2,353,351 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:

| Performance rights grants: | Performance period | EPS CAGR | Revenue CAGR hurdles | | |
|-----------------------------------|---------------------------|-----------------|-----------------------------|-----------------|------------------|
| | | | 50% vest | 85% vest | 100% vest |
| FY25 plan | | | | | |
| 2,353,351 rights | 3 years to 30 June 2027 | 10% | 4% | 6% | 8% |

Both the minimum EPS CAGR (compound annual growth in normalised 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 material 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.

Performance rights granted during the period and assumptions

| Grant date | 4 Oct 24 | 9 Dec 24 |
|---------------------------|-----------------|-----------------|
| Share price at grant date | \$6.90 | \$6.23 |
| Performance rights life | 2.9 years | 2.7 years |

Amounts recognised in the consolidated statement of comprehensive income

During the period a \$5,040,000 expense was recognised in the consolidated statement of comprehensive income for equity settled share-based payment awards (2023: \$5,519,000).

Notes to the interim financial statements

for the six months ended 31 December 2024

14. 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 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 during 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 Company considers that it has at all times complied with its disclosure obligations and has no present obligation in relation to this claim, denies any liability and will vigorously defend the proceedings.

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.

15. Subsequent events

Since the end of the period, the Directors have proposed the payment of an interim dividend amounting to approximately \$61.5 million, proposed out of retained earnings, but not recognised as a liability at 31 December 2024.

The details of the dividend in New Zealand dollars have been noted below.

Dividend

| | |
|-------------------------------------|------|
| Dividend - cents per ordinary share | 8.50 |
|-------------------------------------|------|

Imputation

| | |
|--|------|
| Imputation ratio | 100% |
| Imputation credit - cents per ordinary share | 3.31 |

Franking

| | |
|--|------|
| Franking percentage | 100% |
| Franking credit - cents per ordinary share | 3.64 |

Key dates

| | |
|------------------|---------------|
| Ex-dividend date | 20 March 2025 |
| Record date | 21 March 2025 |
| Payment date | 4 April 2025 |

No other matters or circumstances have arisen since the end of the period which have significantly affected or may significantly affect the operations, the result of these operations or state of affairs of the Group in subsequent periods.

Auditor's review report

for the six months ended 31 December 2024



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

Report on the review of the interim financial statements

Conclusion

We have reviewed the interim financial statements of The a2 Milk Company Limited and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, and explanatory notes. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the period ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review procedures, for this report, or for the conclusion we have formed.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides 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.

Directors' responsibility for the interim financial statements

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

Auditor's review report

for the six months ended 31 December 2024



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

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

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

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young
Sydney
16 February 2025

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 Email: operations.nz@cm.mpms.mufg.com Website: nz.investorcentre.mpms.mufg.com | |
| Australian share registry | MUFG Pension & Market Services Locked Bag A14 Sydney South NSW 1235 Australia Telephone: +61 1300 554 474 Email: operations.nz@cm.mpms.mufg.com Website: au.investorcentre.mpms.mufg.com | |
| Registered offices | Level 17 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 | |
| Corporate website | www.thea2milkcompany.com | |
| Company Secretary | Jaron McVicar | |
| Company Directors | Pip Greenwood (Chair and Independent, Non-Executive Director) David Bortolussi (Managing Director and CEO) Lain Jager (Independent, Non-Executive Director) Kate Mitchell (Independent, Non-Executive Director) Antonio Rivera (Independent, Non-Executive Director) David Wang (Independent, Non-Executive Director) – resigned effective 31 December 2024 Sandra Yu (Independent, Non-Executive Director) | |



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