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NZX/ASX Market Release

FY25 Results Commentary and Outlook

Group financial performance^{1,2,3}

The a2 Milk Company ("the Company", "a2MC") announces its financial results for the 12 months ended 30 June 2025. Key results are as follows:

\$NZ million	FY25	FY24	Variance (%)
Group Revenue	1,902.0	1,675.5	13.5%
EBITDA ⁴	274.3	234.3	17.1%
Net profit after tax (NPAT) (Attributable to owners of the Company)	202.9	167.6	21.1%
Basic earnings per share (cents)	28.0	23.2	20.9%
Net cash ⁵	1,061.2	968.9	9.5%
Total dividend (NZ cents per share)	20.0	-	n/a

Revenue grew 13.5% to \$1,902.0 million, driven by continued growth in the China & Other Asia segment up 13.9%, supported by the USA segment up 22.5% and Matura Valley Milk (MVM) up 42.7%, with the ANZ segment flat.

Total IMF sales grew 9.9% led by English label which was up 17.2% driven by performance within the CBEC and O2O⁶ channels (up 24.9%) supported by English label market growth. China label sales were 3.3% higher, with the Company achieving record China label market share in FY25, despite ongoing market decline and the impact of supply constraints experienced in 1Q25 and 4Q25.

Liquid milk sales grew 14.4%, with ANZ up 9.9% and USA up 22.1% driven by growth in the core portfolio and from recent product innovation. Other Nutritional sales continued to grow, up 23.1%, supported by new kids and seniors fortified milk powder products that were launched during the year. The Other Nutritionals portfolio consists of non-IMF powdered a2 Milk™ products and China & Other Asia liquid milk products. Ingredients (MVM) sales grew 41.9% mainly due to higher GDT⁷ market pricing and increased milk volumes processed.

Gross margin percentage⁸ of 46.1% was up 0.3ppts driven by lower IMF ingredients costs, favourable FX and cycling the net impact of MVM coal-fired boiler accelerated depreciation that was FY24 weighted (FY25: \$5 million, FY24: \$10 million), partly offset by the cost of airfreight used to mitigate IMF supply constraints net of Synlait support.

Distribution costs were flat as a percentage of net sales with higher ANZ rates due to distribution mix offset by improvement in USA freight rates.

Marketing investment increased 13.7% to \$318.4 million, maintaining a similar re-investment rate to prior year of ~17% of revenue, and was primarily focused on China related activities including a2 Milk™ superiority campaigns, new user recruitment in the Year of the Dragon, and the launches of a2 Genesis™ infant formula and new kids and seniors fortified milk powder products. China marketing continues to make-up the vast majority of the Group's investment, accounting for over 90% of total FY25 marketing expenses.

¹ All references to full year (FY), halves (H) and quarters (Q) relate to the Company's financial year, ended 30 June 2025.

² All figures are in New Zealand Dollars (NZ\$), unless otherwise stated.

³ All comparisons are with the 12 months ended 30 June 2024 (FY24), 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 2025 Annual results and Supply Chain Transformation update (slide 60) dated 18 August 2025.

⁵ Including term deposits and borrowings, excluding subordinated non-current shareholder loans.

⁶ Cross-border e-Commerce and Offline-to-Online channels.

⁷ Global Dairy Trade.

⁸ Gross margin percentage is calculated as sales less cost of goods sold, divided by sales.

Administrative and other expenses (SG&A) declined as a percentage of sales, down 0.7ppts to 13.4%, reflecting improved operating leverage. In absolute terms, SG&A increased by 7.6% to \$254.2 million primarily due to investment in capability development, particularly in supply chain functions and in China, and increased costs related to scientific research and innovation, partially offset by reduced FX losses and cost reduction initiatives.

EBITDA increased 17.1% to \$274.3 million, with EBITDA % margin slightly higher at 14.4% (up 0.4ppts), in line with guidance. EBITDA % margins improved from 1H25 to 2H25, with 2H25 EBITDA % margin of 15.4% up 2.1 ppts on 1H25 (13.3%).

Depreciation and amortisation decreased \$5.9 million to \$26.3 million due to cycling higher accelerated depreciation of the MVM coal-fired boiler in FY24, net interest income increased to \$41.2 million reflecting higher cash balances and the effective tax rate improved to 33.6% (FY24: 35.4%) due to reduced MVM and US tax losses.

NPAT was \$202.9 million, an increase of 21.1%, with basic earnings per share of 28.0 cents, up 20.9%.

The balance sheet further strengthened during the year with closing net cash of \$1,061.2 million, up \$92.2 million on 30 June 2024. Operating cash inflows (excluding interest and tax) were \$259.3 million, representing operating cash conversion of 95%⁹ in line with guidance but lower than FY24 (126%). FY25 cash conversion was impacted by the settlement of Synlait FY24 payments withheld in accordance with contractual arrangements and a reduction in Synlait purchase order deposit payment terms which commenced in FY25.

Inventory of \$139.1 million was down 22.6% on 30 June 2024 driven by lower IMF inventory levels that were impacted by sharp growth in early stage product demand compounded by Synlait supply constraints caused by 4Q25 manufacturing challenges. To mitigate the impact on consumer sales and new user recruitment, the Company prioritised distributor and retailer stock levels, and utilised airfreight to expedite deliveries. The Company has been actively collaborating with Synlait to address its manufacturing challenges taking steps to reduce the likelihood of recurrence in the future to ensure that a2MC's own inventory returns to target levels.

Regional and product performance

1. China & Other Asia

The China IMF market showed signs of stabilisation in FY25, with the rate of value decline moderating to -3.2%¹⁰ by year-end. While the overall market declined, the Stage 1 and Stage 2 categories grew 10% and 3%, respectively. The strong performance of early stages was due to the increased number of newborns which grew by 5.8% to 9.54 million during CY24¹¹, the first year of growth since CY16. The CY24 growth in birth rates reflected a combination of the realisation of delayed births from COVID years and the "Year of the Dragon" effect, however, it is anticipated that the birth rate will decline in CY25 aligned with longer-term trends in the childbearing population and fertility rate.

Subsequent to 30 June 2025, the China Central Government announced subsidies to support the costs of childcare provided by central and local authorities. A positive initiative for families and the industry, however it is too early to assess the potential impact.

Despite the overall China IMF market decline, a2MC's China & Other Asia segment revenue grew by 13.9% to \$1,302.0 million driven by IMF sales growth of 12.4%, with segment EBITDA up 14.6% to \$332.4 million. a2MC's China IMF market share continued to reach record levels with overall market share increasing to 8.0% from 7.1% in FY24¹², with the brand achieving a top-4 position in the world's largest IMF market – a major milestone for the Company which launched its first IMF product only 12 years ago. The brand's continued growth in China was supported by increased marketing investment and improved brand health metrics. In terms of IMF channel performance, English label IMF CBEC and O2O channels were a stand-out performer, growing 24.9%.

China label IMF

China label IMF sales reached \$632.5 million, representing an increase of 3.3%. This was a positive outcome, particularly in the context of a 5.6% decline in the overall China label market, and to a lesser extent, supply constraints that impacted stock availability in 1Q25 and 4Q25. The Company delivered early stage sales growth significantly ahead of the market, driven by effective new user recruitment initiatives, resulting in record Stage 1 market share in the MBS channel of 4.0% (FY24: 3.1%)¹³ and in the DOL channel of 5.8% (FY24: 5.5%)¹⁴. These efforts contributed to a record high China label IMF market share of 5.5%¹⁵, underscoring the brand's growing consumer demand and competitive strength.

⁹ Operating cash conversion defined as net cash flow from operating activities before interest and tax divided by EBITDA.

¹⁰ Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities). Value decline of -13.4% in 1H24 and -6.8% in 2H24. Kantar had two rounds of panel update in March and June 2025 and restated historical data.

¹¹ China National Bureau of Statistics.

¹² Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities), MAT.

¹³ Nielsen MBS retail measurement service: mother and baby stores only retail value share. MAT.

¹⁴ Smart Path China IMF online market tracking: for DOL only retail value share, MAT.

¹⁵ Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities), MAT.

In terms of a2MC's channel performance, the significant gains in early stage new users drove market share growth across both MBS and DOL channels. The Company's total MBS market share increased 0.2ppts to 3.7%, with market share in BCD cities increasing to 3.2% in line with the Company's strategic focus, while share in Key&A cities recovered to 7.0%¹⁶. Online channels continued their upward momentum, reflecting strong consumer demand for convenience and accessibility, with a2MC's DOL market share reaching a new high of 4.2%¹⁷, up 0.3ppts on FY24.

English label IMF¹⁸

English label IMF positive sales momentum continued with English label sales in the China & Other Asia segment of \$559.1 million up 24.9%. a2MC's English label growth continues to be supported by overall market expansion and growth in combined CBEC and O2O channels. The English label market grew by 11.9% in FY25 driven by higher volume and continued premiumisation, gaining share within total IMF to 19% from a low of 14% in FY22 but below pre COVID-19 levels of 23% in FY20. While English label represents a smaller proportion of the IMF market, a2MC is well positioned to benefit from this segment given its position as the second largest brand in the English label market with just under 20% market share¹⁹.

The rapid growth of HMO and specialty product segments continues to be a growth driver of the English label market with consumers adopting English label products due to ingredients and specialised formulations not widely available in China label (such as those including various HMOs²⁰). To capitalise on this growing market opportunity, the Company launched its most premium English label IMF product, *a2 Genesis™* into the Hong Kong CBEC channel in January 2025 followed by a major marketing campaign during 4Q25 to build awareness. Early indicators suggest the product has been well received by consumers, achieving positive reviews, encouraging repurchase rates and strong month on month sales growth off a low base.

In addition, the Company continued to make progress against its emerging markets strategy expanding its reach of English label products into Vietnam through the launch of *a2 Platinum™* in 1H25 and *a2 Gentle Gold™* in 2H25 with a focus on building brand awareness and expanding distribution across MBS stores.

Other Nutritional products

Other Nutritionals revenue in the China & Other Asia segment was up 33.1% to \$110.3 million. The Company's focus on growth and innovation resulted in the launch of three new locally manufactured China label fortified milk powder products in 1H25 targeting the seniors segment addressing top senior health needs: immunity, bone, gut and heart health. The Other Nutritionals portfolio was further expanded in 2H25 with the launch of a new kids fortified milk powder product designed for kids aged 3+, supporting immunity, eye health and brain development with innovative packaging. The newly launched seniors and kids milk powder products are resonating well with consumers, supported by a2MC's strong brand equity and showing early signs of positive uptake.

2. Australia and New Zealand

Australia and New Zealand (ANZ) segment reported revenue of \$316.0 million and EBITDA of \$57.5 million, down 0.4% and 8.7% respectively. The result was driven by growth in the Australian liquid milk business (up 9.9%) which offset ongoing Daigou channel decline.

English label IMF and Other Nutritionals products

a2MC IMF reseller and retail sales decreased 18.1% to \$80.6 million versus FY24, consistent with wider channel declines, however showed signs of stabilisation with 2H25 sales in line with 1H25. English label IMF focus remains on the CBEC and O2O channels, however the Company continues to support the Daigou channel through marketing support and trade activations.

a2 Gentle Gold™, which launched during FY24 has continued to perform well in market with *a2 Gentle Gold™* driving a year-on-year increase of 19% in a2MC's Total Australian Retail Sales Value²¹.

Consistent with Daigou channel declines, revenue for Other Nutritionals was down 7.5% to \$24.8 million, with growth realised through channels in the China & Other Asia segment.

Liquid milk

Australian liquid milk sales were up 9.9% to \$209.0 million, led by *a2 Milk™ Lactose Free* and growth in the core *a2 Milk™* range. This strong performance was achieved in a challenging market, with the liquid milk category declining 0.7%²² driven by ongoing elevated competitor promotional activity.

¹⁶ Nielsen MBS retail measurement service: mother and baby stores only retail value share. MAT.

¹⁷ Smart Path China IMF online market tracking: for DOL only retail value share, MAT.

¹⁸ English label IMF includes sales via CBEC, O2O, Emerging Markets and Hong Kong Resellers.

¹⁹ Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities), MAT.

²⁰ Human milk oligosaccharides.

²¹ Source: Circana (includes major retailers, pharmacy), MAT June 2025 vs. MAT June 2024.

²² IRI Australian Grocery Weighted Scan, MAT to 22 June 2025 vs. MAT to 22 June 2024.

a2MC's liquid milk market value share grew 0.8ppts to 11.2%, primarily driven by *a2 Milk™ Lactose Free* which increased share of the Australian lactose free market from 12.7% to 18.5%²³. a2MC's liquid milk brand health continues to strengthen, with brand health advocacy (NPS) at its highest levels on record²⁴.

3. USA

USA grew revenue by 22.5% to \$139.3 million and continued to make progress towards profitability, with EBITDA losses reduced to \$9.3 million (FY24: \$15.5 million).

Revenue growth was driven by ongoing strength in the core *a2 Milk™* range plus growth in *a2 Milk™ Grassfed* products and the Club channel. a2MC's market value share in the premium milk category for the Grocery channel increased to 2.2% (up from 2.1%)²⁵. IMF sales in FY25 under the current US FDA Enforcement Discretion were not material.

Profitability improvement was achieved through revenue growth and a continued focus on optimising trade spend, and input and distribution costs.

The Company's New Infant Formula Notification (NIFN) submission to US FDA for long-term IMF approval is under review.

4. Mataura Valley Milk

The FY25 year was characterised by higher GDT market pricing plus higher milk volumes processed through the MVM site. As a result, revenue of \$144.7 million was \$43.3 million higher than prior year, with EBITDA losses improving to \$17.4 million (FY24: \$20.9 million). EBITDA loss improvement reflects higher internal revenue, driven by timing impacts and growth in the Group's Other Nutritionals range which utilise MVM milk powders, and disciplined cost management.

Innovation and supply chain transformation

In FY25, the Company maintained its strong focus on innovation as a key growth driver, supported by strategic partnerships and ongoing transformation across its supply chain. A range of new products were launched targeting strategic growth opportunities, all formulated with A1 protein free milk powders produced at a2MC's MVM facility in New Zealand.

The Company enhanced its English label IMF partnership with Yashili New Zealand with the development, manufacture and launch of a new English label IMF product featuring an advanced HMO formulation. The launch of *a2 Genesis™* was an important innovation for the Company, targeted at the growing HMO product segment and benefiting from price premiumisation in the English label market.

This year also marked the start of local production for the first time in China with seniors fortified milk powders. Three new products were launched in collaboration with Shanghai Howell Nutrition Dairy Co., Ltd., enhancing responsiveness to market needs and strengthening local relevance.

Supply chain optimisation also continued, with the transition of manufacturing for *a2 Milk™* powder pouch to NZ Nutritional Wellness. This move has improved production efficiency, enhanced capability, and strengthened traceability.

The Company also commenced the commissioning of an upgrade of its Kyabram (Australia) fresh milk facility in partnership with KyValley Dairy to increase capacity which is close to completion.

Sustainability

The Company continued making planet-positive progress. In FY25, the Company developed a detailed emissions reduction roadmap and climate transition plan, providing a structured framework to track progress toward its 2040 net zero GHG emissions target.

The Company reduced Scope 1 emissions by 97% in FY25, led by the MVM boiler conversion completed in FY24. This transition has resulted in MVM now operating on 100% certified renewable energy²⁶.

At the farm level, a2MC continued to invest in sustainable practices through the *a2™* Farm Sustainability Fund, supporting 19 new projects with a total investment of NZ\$575,000. These initiatives are closely aligned with the Company's broader sustainability goals and reflect its commitment to supporting its supplier base in the transition to more sustainable farming.

²³ IRI Australian Grocery Weighted Scan, MAT to 22 June 2025 vs. MAT to 22 June 2024.

²⁴ a2MC brand health tracking June 2025.

²⁵ SPINS data for the Grocery channel, MAT.

²⁶ 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.

Packaging sustainability remained a priority, with further execution against the Company's sustainable packaging action plan. In FY25, a2MC achieved 98% recyclable packaging placed on market (by weight) and attained 'Beyond Best Practice' status in Australian sustainable packaging performance²⁷, demonstrating leadership in circular packaging solutions.

The Company also maintained its support for AgriZero^{NZ}, a collaborative effort between the New Zealand Government and leading agribusinesses aimed at reducing on-farm biogenic methane and nitrous oxide emissions.

Dividends

In November 2024, the Company announced the establishment of a dividend policy for the first time in company history. The dividend policy targets a payout ratio range of between 60% and 80% of net profit after tax excluding non-recurring and other items (normalised NPAT). Subsequently, the Company declared its first interim dividend of 8.5 cents per share in February 2025, which was paid to shareholders in April 2025. This represented a payout ratio of ~67% of NPAT, equating to approximately \$61.5 million, and was fully imputed and fully franked.

As part of the Company's FY25 results, a final dividend of 11.5 cents per share fully franked and ~78% imputed has been declared, representing a payout ratio of ~75%, equating to approximately \$83.4 million, to be paid to shareholders on 3 October 2025. Total dividends declared by the Company for FY25 are 20.0 cents per share, representing a total payout ratio of ~71% which equates to approximately \$145m being returned to shareholders.

On an ongoing basis, dividends are expected to be declared on a semi-annual basis in February and August each year at a level consistent with the payout ratio range. In determining future dividends, a number of factors will be taken into consideration, including market conditions, current and future earnings, cash flows, capital requirements and the Company's financial position.

The Company intends to impute and frank dividends to the maximum extent possible subject to available credits, noting that imputation credits are limited.

Supply chain transformation update

In addition to the Company's FY25 results announced today, the Company simultaneously announced the acquisition of Yashili New Zealand (YNZ) a world-class fully integrated nutritional manufacturing facility in Pokeno with two existing China Label product registrations. Concurrently, and following the decision to acquire YNZ, a2MC has also announced the divestment of MVM to optimise its asset footprint, capacity utilisation and financial performance. These transactions mark a major milestone in the Company's supply chain transformation. The supply chain transformation initiatives announced today are expected to deliver substantial benefits to a2MC shareholders supported by a clear strategic rationale.

See the Company's FY25 results and Supply Chain Transformation update presentation and media release dated 18 August 2025 for full details.

FY26 Outlook

a2MC will continue executing its growth strategy in FY26, with an emphasis on capturing its full potential in the China market whilst expanding into adjacent categories and new markets. With respect to the transactions announced today, the Company will be mainly focused on securing regulatory approvals, progressing the future insourcing of *a2 Platinum™* and commencing a multi-year capital investment programme.

The following outlook is prepared on the basis that both transactions complete as expected and excludes any potential special dividend payment.

On a continuing operations²⁸ basis, the Company expects the following for FY26:

- Revenue growth of high single-digit percent versus FY25 continuing operations²⁹
- EBITDA % margin to be approximately 15% to 16%
- Depreciation and amortisation to be approximately \$20 million to \$24 million
- Interest income to be lower due to lower market rates and net transaction cash outflows
- NPAT similar to FY25 reported³⁰
- Cash conversion of approximately 80% to 90%
- Capital expenditure of approximately \$50 million to \$70 million

²⁷ Source: a2MC 2025 Australian Packaging Covenant Organisation (APCO) Annual Report and Action Plan.

²⁸ Continuing operations represents the a2MC Group excluding MVM and including YNZ from the expected completion date of 1 September 2025. Discontinued operations comprises of MVM.

²⁹ FY25 continuing operations revenue was \$1,757 million.

³⁰ FY25 reported NPAT was \$203 million.

MVM will be treated as discontinued operations, including operating losses prior to completion of the divestment and an expected loss on sale of approximately \$130 million.

Key risks

A range of risks could materially impact expected revenue and earnings outcomes including, but are not limited to, trading upside and downside, challenging macroeconomic conditions, China IMF category dynamics and competitive intensity, product and supply related risks, cross border trade, foreign exchange movements, changes in interest rates, farmgate milk pricing and other commodity prices, and regulatory risk.

a2MC's full FY26 outlook statement is outlined on slide 55 in the Company's FY25 Results and Supply Chain Transformation update presentation dated 18 August 2025.

Capital management update

Once completed, the transactions announced today will help clarify the Company's future capital needs. As a result, the Board intends to declare a \$300 million special dividend, fully franked and unimputed, subject to the Company receiving regulatory approvals in connection with the two existing China label registrations for use under the a2MC brand and completion of the MVM divestment, which are both expected to be achieved in the next twelve months. Further detail on the dividend will be provided once these steps are complete.

The Board also reaffirmed the Company's ordinary dividend policy of 60-80% payout of normalised NPAT, and confirmed its intention to maintain a strong and flexible balance sheet, continue to assess growth opportunities and capital needs, manage risk and consider further shareholder returns.

Authorised for release by the Board of Directors

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