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16 February 2026
NZX/ASX Market Release

1H26 Interim Results Commentary and Outlook

Group financial performance[1,2,3,4]

The a2 Milk Company ("the Company", "a2MC") announces strong financial and operational results for the 6 months ended 31 December 2025 and upgraded FY26 full year guidance. Key results are as follows:

Continuing operations ($NZ million)	1H26	1H25	Variance (%)
Revenue	993.5	836.5	18.8%
EBITDA[5]	155.0	130.9	18.4%
Underlying[6] EBITDA	*164.8*	*130.9*	*25.9%*
Net profit after tax (NPAT)	112.1	102.5	9.4%
Underlying[6] NPAT	*122.6*	*102.5*	*19.6%*
Basic earnings per share (cents)	15.5	14.2	9.2%
Underlying[6] basic earnings per share	*16.9*	*14.2*	*19.4%*
Net cash[7] (total reported)	896.9	1,014.0	(11.6%)
Interim dividend (NZ cents per share)	11.5	8.5	35.3%

Revenue grew 18.8% to $993.5 million, driven by strong performance across all segments and product categories, with growth primarily from core products supported by recent innovation. First half growth also benefited modestly from FX (~2ppts) and the inclusion of 1H26 weighted a2 Pokeno external ingredient sales (2.0ppts). The China & Other Asia segment was up 20.3%, led by English label Infant Milk Formula (IMF) and Other Nutritionals growth. USA segment sales were up 29.1% due to core and Grassfed liquid milk growth, whilst ANZ segment sales were up 8.8% driven by Australian liquid milk growth, with Daigou channel sales stabilised.

From a product category perspective, total IMF sales grew 13.6%, underpinned by strong brand health and effective sales execution. English label revenue grew 20.9% driven by strong performance within the CBEC and O2O[8] channels (up 23.9%), supported by continued growth in the overall English label market and ongoing premiumisation. China label sales were up 6.5%, achieving record market share in key channels, driven by strong execution across online and offline channels plus favourable FX.

Liquid Milk sales grew 18.5%, with ANZ up 11.9% and USA up 29.3% driven by growth in the core portfolio and from recent product innovation in both markets. Growth in Other Nutritionals accelerated with sales increasing 42.9% (excluding a2 Pokeno external ingredient sales), with growing contributions from kids and seniors fortified milk powder products that were launched in FY25. The Other Nutritionals portfolio consists of non-IMF powdered *a2 Milk™* products, China & Other Asia liquid milk products and limited a2 Pokeno external ingredient sales.

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[1] All references to financials and related metrics are on a continuing operations basis (ie exclude Mataura Valley Milk), unless otherwise stated.
[2] All references to full year (FY), halves (H) and quarters (Q) relate to the Company's financial year, ending 30 June.
[3] All figures are in New Zealand Dollars (NZ$), unless otherwise stated.
[4] All comparisons are with the 6 months ended 31 December 2024 (1H25), unless otherwise stated.
[5] 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 2026 Interim Results Investor Presentation (slide 38) dated 16 February 2026.
[6] Underlying results represent the Group's reported results excluding a2 Pokeno losses which reflect temporarily low production volumes ahead of the *a2 Platinum™* transition in 1H27 and one-off transformation costs associated with the transaction, separation, integration and transition. a2 Pokeno's 1H26 losses are as follows: EBITDA loss of $9.8 million and NPAT loss of $10.4 million.
[7] Including term deposits and 1H25 MVM borrowings, excluding 1H25 MVM subordinated non-current shareholder loans.
[8] Cross-border e-Commerce and Offline-to-Online channels.

Gross margin percentage[9] of 48.9% was down 1.1ppts due to expected manufacturing losses at a2 Pokeno, which is currently under-utilised ahead of the planned *a2 Platinum™* transition from Synlait in 1H27 that will significantly increase production levels and improve financial results. Excluding a2 Pokeno, gross margin % was slightly up, reflecting lower IMF ingredient costs and net FX benefit.

Distribution costs were marginally higher as a percentage of net sales revenue at 3.3% (1H25 3.2%) due to higher freight rates and increased liquid milk volumes.

Marketing investment of $168.3 million was up 15.4%, driving brand health to record levels, and supporting new user recruitment and innovation. Due to the second half weighting of FY26 marketing expenses, the 1H26 re-investment rate was slightly down. China marketing continues to make-up the vast majority of the Group's investment, accounting for approximately 90% of total 1H26 marketing expenses.

Administrative and other expenses (SG&A) declined as a percentage of revenue, down 0.3ppts to 14.0%, reflecting improved operating leverage. In absolute terms, SG&A increased by 16.0% to $139.5 million primarily due to investment in capability to support China growth and supply chain initiatives, including planned a2 Pokeno transformation costs (transaction, separation, integration and transition costs).

EBITDA increased 18.4% to $155.0 million, with EBITDA % margin consistent with prior year at 15.6%. Excluding a2 Pokeno operating losses and transformation costs, underlying[6] EBITDA was up 25.9% to $164.8 million with underlying[6] EBITDA % margin of 16.6%, up 0.9ppts on 1H25.

Depreciation and amortisation increased $3.6 million to $8.7 million following the acquisition of a2 Pokeno. Net interest income was lower due to lower market rates and net transaction cash outflows, and the effective tax rate improved to 31.0% (1H25: 31.9%) due to reduced US losses and utilisation of a2 Pokeno losses.

NPAT from continuing operations increased by 9.4% to $112.1 million and was up 19.6% on an underlying[6] basis. Basic earnings per share (EPS) from continuing operations of 15.5 cents was up 9.2% and was up 19.4% to 16.9 cents on an underlying[6] basis. Total reported NPAT was $8.4 million including losses from discontinued operations of $103.7 million that was almost solely due to the Mataura Valley Milk (MVM) non-cash divestment loss.

The Company's balance sheet remains strong with closing net cash of $896.9 million, down $164.3 million versus June 2025 due to net supply chain transaction outflows of $168.7 million (a2 Pokeno acquisition, net of MVM divestment). Operating cash inflows (excluding interest and tax) were $140.7 million, representing operating cash conversion of 91%[10] (1H25: 106%) in line with expectations, impacted by the inventory rebuild following Synlait's manufacturing challenges, which lowered IMF inventory levels as at June 2025 and through 1H26. By December 2025, IMF inventory had partially recovered towards target levels, with total inventory of $173.4 million, up 24.6% from June 2025.

Regional and product performance

1. China & Other Asia

The overall China IMF market grew by 3.6%[11] in 1H26, supported by higher CY24 births resulting in Stage 1 volumes growing by mid single-digit rates. Total market Stage 2 volumes grew at double-digit rates, while Stage 3 stabilised. CY25 newborns of 7.92 million[12] declined 17%, cycling a peak CY24 birth year boosted by the Dragon year and deferred COVID births. CY26 newborns are expected to be supported by a recovery in marriage rates seen in CY25[13] and by a greater focus on birth rate stabilisation which is explicitly listed as a China Central Government priority in 2026[14].

a2MC's China & Other Asia segment revenue grew by 20.3% to $739.0 million driven by IMF sales growth of 14.5% and Other Nutritionals sales growth of 84.5%, with segment EBITDA up 13.2% to $167.6 million[15]. a2MC remains a top-4 brand in the China IMF market with overall market share of 8.2% up 0.2ppts on FY25 (8.0%)[16].

<u>China label IMF</u>

China label IMF sales grew by 6.5% to $324.9 million, supported by market growth (up 1.9% on 1H25[17]) and favourable FX. The Company's China label IMF market share was approximately 5.6%[18] (up 0.1ppts on FY25) with strong execution performance across online and offline channels leading to record market share in both channels.

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

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

[11] Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 26 weeks ended 26 December 2025. Kantar had two rounds of panel updates in March and June 2025 and restated historical data, and is due to restate 2025 market data in March 2026.

[12] China National Bureau of Statistics.

[13] China Ministry of Civil Affairs. Number of marriage registrations grew by 11% in 2025 versus 2024.

[14] China Central Economic Work Conference for 2026.

[15] Includes a2 Pokeno EBITDA loss of $9.8 million.

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

[17] Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 26 weeks ended 26 December 2025.

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

a2MC's channel and market share performance was supported by strong new user recruitment in FY25 now cycling into later stages. The Company's total MBS[19] market share increased 0.3ppts on FY25 to 4.0%[20], with accelerated share gains in Key&A cities up 0.7ppts to 7.7% and market share in BCD cities increasing to 3.4% in line with the Company's focus on continued expansion into lower tier cities. Steady share growth in online channels resulted in a2MC's DOL[19] market share reaching a new high of 4.4%[21], up 0.2ppts on FY25.

English label IMF[22]

English label IMF continues to grow with a2MC English label sales in the China & Other Asia segment of $320.2 million, up 23.9%. a2MC's English label performance was supported by overall market expansion, growth in combined CBEC and O2O channels and innovation. The English label market maintained its positive momentum, growing by 12.1%[23] in 1H26 driven by higher volumes and premiumisation, gaining share within the total IMF category and now accounting for 21% of the total IMF market in the half, but below pre-COVID levels of 28% in FY19. While English label represents a smaller proportion of the IMF market, a2MC remains well positioned to benefit from this segment's growth given its position as the second largest brand in the English label market with just under 20% market share[24].

The rapid growth of HMO[25] and specialty product segments continues to be a key driver of the English label market with consumers adopting English label products due to ingredients and specialised formulations not widely available in China label. To capitalise on this growing market opportunity, the Company launched its most premium English label IMF product, *a2 Genesis™* into the Hong Kong market and CBEC channel in January 2025 followed by a marketing campaign during 4Q25 and further significant investment in 1H26 to build awareness. *a2 Genesis™* sales continue to build month-on-month with *a2 Genesis™* now representing 6%[26] of a2MC CBEC channel consumer sales in 1H26. More than 50% of *a2 Genesis™* sales are for early-stage product (Stages 1 and 2) which supports future potential. The Company continues to invest in dedicated *a2 Genesis™* marketing and is focussed on further expansion into selected O2O channels to expand consumer awareness, consideration and trial.

In 1H26, the Company continued to advance its emerging markets strategy, executing in Vietnam and South Korea while assessing expansion opportunities in other markets in Southeast Asia and the Middle East. In 1H26 English label distribution in Vietnam expanded significantly, with *a2*™ branded IMF and Other Nutritionals products now ranged in over 1,000 MBS stores, with initial listings commencing across National Key Accounts and e-commerce platforms.

Other Nutritionals

Other Nutritionals revenue in the China & Other Asia segment increased 84.5% to $93.8 million, driven by recent innovation launches. In 1H25, the Company introduced three China label seniors fortified milk powder products targeting key health needs including immunity, bone, gut and heart health. This was followed in 2H25 by the launch of a new kids fortified milk powder product for ages 3+, supporting immunity, eye health and brain development. In FY26, these kids and senior milk powder products are showing positive momentum, resonating well with consumers and creating incremental growth opportunities beyond IMF, supported by strong consumer trust and equity of the *a2*™ brand.

The Company continued to progress its innovation pipeline, developing a new China label kids fortified UHT product and paediatric supplements range launched in 3Q26. Near term supplement sales are not expected to be material, however, the longer-term potential of the category and growth platform for a2MC could be significant.

Other Nutritionals revenue also includes $16.6 million of a2 Pokeno external ingredient revenue, largely consisting of whole milk powder and cream.

2. Australia and New Zealand

Australia and New Zealand (ANZ) segment reported revenue of $171.3 million, up 8.6% and EBITDA of $33.2 million, up 12.6%. The result was primarily driven by growth in the Australian liquid milk business achieving double-digit sales growth of 11.9%, with English label IMF sales stabilised through the Daigou and ANZ channels.

English label IMF and Other Nutritionals

ANZ IMF sales increased to $41.2 million, up 1.7% on 1H25. Daigou channel sales were relatively flat, with *a2 Gentle Gold™* driving sales growth in retail channels. 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. Other Nutritionals sales were up 6.5%.

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[19] MBS: Mother & Baby Store channel; DOL: Domestic Online.
[20] Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value), MAT.
[21] Smart Path China IMF online market tracking: for DOL only retail value share, MAT.
[22] English label IMF includes sales via CBEC, O2O, emerging markets and Hong Kong resellers.
[23] Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 26 weeks ended 26 December 2025.
[24] Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities), MAT.
[25] Human milk oligosaccharides.
[26] Smart Path China IMF online market tracking: CBEC platform sales (by value).

Liquid Milk

Australian liquid milk sales were up 11.9% to $116.1 million, with growth from both the core *a2 Milk*™ range and *a2 Milk*™ *Lactose Free*. The Australian dairy milk category returned to modest growth, with market value up 2.0%[27] driven by pricing, and volumes up 1.0%, led by continued strength in lactose free (+9.5%). Against this backdrop, *a2 Milk*™ outperformed the category, delivering further market share gains with liquid milk value share increasing 0.3ppts to 11.5%. Performance was driven by *a2 Milk*™ *Lactose Free*, which achieved a record MAT value share of 20.6%[28]. Subsequent to the half a2MC became the first ever dairy milk partner of the Australian Open, participating in the AO26 with strong results from its first campaign.

During the period, the Company completed the final stage of commissioning upgrades at the Kyabram processing facility in partnership with KyValley Dairy Group, strengthening operational capability.

3. USA

USA grew revenue by 29.0% to $83.2 million delivering ongoing profitability improvement with a lower EBITDA loss of $3.4 million (1H25: $4.9 million), primarily achieved through revenue growth and a continued focus on cost.

Revenue growth was driven by sustained *a2 Milk™* volume growth in the Grocery and Mass channels, plus increasing contributions from the Grassfed range and Club channel. a2MC's market value share in the premium milk category for the Grocery channel increased to 2.5% (up from 2.2%)[29] reflecting increased household penetration and consumption.

IMF sales in 1H26 under the current US FDA Enforcement Discretion were not material. a2MC's IMF FDA submission remains under review and is progressing.

Recently announced new Dietary Guidelines for Americans, which emphasise the importance of full fat dairy, is an opportunity for category expansion and supports future growth.

Supply chain transformation

In August 2025, the Company announced[30] the acquisition of a world-class fully integrated nutritional manufacturing facility in Pokeno with two existing China label product registrations. Concurrently, the Company announced the divestment of MVM to optimise its asset footprint, capacity utilisation and financial performance. Both transactions were completed during the half, with $275 million of purchase consideration for a2 Pokeno and $110 million of proceeds from the sale of MVM (net $165 million). In addition, the Company entered into a long-term agreement with Fonterra for the supply of A1 protein-free milk from the North Island in New Zealand.

These combined transactions substantially advance the Company's supply chain transformation programme by securing greater market access to the ~$23 billion[31] China label IMF market and strategic control over related registrations, supporting growth in the Company's core IMF business through an expanded product portfolio and innovation, accelerating the development of a2MC's advanced nutrition manufacturing capability, optimising the asset footprint and generating attractive financial returns.

Prior to the a2 Pokeno acquisition, a dedicated Transformation Office was established to provide governance, planning and execution support to the a2 Pokeno transformation, which includes transition, integration and expansion related initiatives.

Key transformation initiatives at a2 Pokeno are progressing as planned, including China regulatory processes, early blending and canning trials, capital investment activities, ERP upgrade design work and product development planning. Targeted recruitment in manufacturing leadership and operations is well progressed to support execution.

Overall, the programme is tracking well, with some areas ahead of plan.

Sustainability

The Company increased funding to NZ$800,000 for its a2™ Farm Sustainability Fund across ANZ for the 2026 round to support sustainability projects that demonstrate an integrated approach to deliver a meaningful impact across climate, nature, cows, and community. In 1H26 the Company developed an emissions reduction implementation plan which is to be supported by the collection of real on-farm data. With the integration of the a2 Pokeno manufacturing facility, the Company has taken initial steps to investigate transitioning the site's gas boiler to a renewable energy source, and more broadly identified the opportunity to introduce an Environmental Management System to track relevant metrics across its owned manufacturing facilities. To support delivery against its packaging targets, the Company has developed a comprehensive packaging database and continued to investigate Extended Producer Responsibility (EPR) schemes in the markets where its products are sold.

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[27] IRI Australian Grocery Weighted Scan, MAT to 28 Dec 2025 vs. MAT to 28 Dec 2024.
[28] IRI Australian Grocery Weighted Scan, MAT basis to 28 Dec 2025.
[29] SPINS data for the Grocery channel, MAT.
[30] Refer FY25 Results & Supply Chain Transformation update presentation dated 18 August 2025.
[31] Source: FY25 Retail sales value 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.

Dividends

The Company has declared an interim dividend of 11.5 cents per share (unimputed and fully franked) representing ~74% of NPAT from continuing operations, at the higher end of the Company's dividend policy range of 60% to 80% of normalised NPAT. This equates to approximately $83.4 million, to be paid to shareholders on 2 April 2026.

As previously announced, the Board intends to declare a $300 million special dividend, subject to regulatory approvals being received in connection with amendments to the two existing a2 Pokeno China label registrations for use under the a2MC brand. The amendment process is currently underway and is progressing well.

The special dividend is expected to be unimputed (due to lack of available imputation credits) and fully franked.

FY26 Outlook

The Company continues to perform well with revenue trending ahead of previous expectations across all segments and products. As a result, FY26 guidance has improved from the Company's prior outlook statement provided on 20 November 2025.

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

- Revenue growth of mid double-digit[32] percent versus FY25 continuing operations[33]
- EBITDA % margin to be approximately 15.5% to 16.0%
- Depreciation and amortisation to be approximately $20 to $24 million
- Interest income to be lower due to lower market rates and net transaction cash outflows
- NPAT to be up on FY25 reported[34]
- Cash conversion of approximately 80%
- Capital expenditure of approximately $60 to $80 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.

Authorised for release by the Board of Directors

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[32] Double-digit refers to the range 10% to 20%.
[33] FY25 continuing operations revenue was $1,757 million and FY25 reported NPAT was $203 million.