



13 April 2026  
NZX/ASX Market Release

## Trading, Supply Chain and Outlook update

The a2 Milk Company (the Company, a2MC) provides the following trading, supply chain and outlook update in relation to its infant milk formula (IMF) business in China.

### Trading update

The Company continued to experience strong demand for the a2™ brand across all product categories and regions in 3Q26 with positive year-to-date offtake trends similar to or better than that experienced in 1H26.

China label a2 至初™ IMF demand remains strong. Early stage new user recruitment continued to improve after supply constraints in 1Q26, supported by the successful *My Little Pony* marketing campaign. Later stage growth benefited from prior period share gains and stage transition, as well as the success of the Company's new kids nutrition product. English label IMF demand continued to be strong, supported by growth in a2 Platinum™ and a2 Genesis™ products across all stages, particularly in the cross-border e-commerce (CBEC) channel.

### Supply chain update

The Company is currently experiencing temporary in-market product availability issues primarily in relation to shortfalls of China label IMF product at distributors and retailers mainly due to the following factors that have dynamically impacted the industry and a2MC's business recently:

- **Demand:** as noted above, demand for a2™ IMF imported products has been strong, partially supported by international competitor product recalls
- **Freight:** the availability and cost of additional air freight required to accelerate product shipments to China is being indirectly impacted by the Middle East conflict, with variability in capacity allocations for sea freight
- **Production:** a2MC inventory levels have been low throughout FY26 due to past Synlait manufacturing challenges and other operational issues impacting production. While production at Synlait has recently returned to target levels, there remains a significant backlog of unfilled purchase orders from Synlait with less capacity to catch up following the sale of its North Island assets
- **Product release:** emerging standards relevant to ingredient suppliers and IMF manufacturers in relation to enhanced cereulide testing measures are extending quality assurance release times and impacting product availability
- **Customs clearance:** additional clearance requirements and testing measures, including higher inspection and sampling rates for the industry, are extending clearance release times and impacting product availability

The Company is urgently working with its supply chain and distribution partners in New Zealand and China to expedite product flows to consumers as soon as possible, however it is now expected that the above factors will materially impact China label IMF in-market product availability during 4Q26, mainly in April and May.

English label IMF product is exposed to some extent to the factors noted above, particularly to additional clearance requirements, but is not expected to be as significantly impacted during this period. The Company notes, however, that *a2 Genesis™* (~6% of its CBEC sales) is also currently experiencing near term product availability issues in CBEC channels due to high demand which will be addressed shortly with resumption of production at a2 Pōkeno following the completion of planned canning line capital works and maintenance.

The Company notes that its supply chain transformation programme at a2 Pōkeno remains on track with capital upgrade works, recruitment and capability building, product trials and the new China label registration amendment process all on track ahead of an expected ramp up in production in 1H27 as planned.

## Outlook update

The factors outlined above have evolved rapidly. They remain subject to uncertainty, particularly in relation to variability in freight and clearance assumptions, as well as additional indirect impacts that may flow from the Middle East conflict.

While the supply chain impacts are primarily timing-related and one-off in nature, their cumulative effect is now expected to impact the Company's performance against FY26 guidance, noting their potential impacts are challenging to mitigate at this stage in the financial year due to proximity to year end and end-to-end supply chain lead times. Notwithstanding these short term challenges, the Company intends to continue to reinvest in the business in 4Q26 to support brand health, growth and long term value creation.

At this stage, the Company expects the following key impacts to its FY26 outlook provided at its 1H26 results announcement on 16 February:

- lower IMF sales, mostly related to China label sales
- additional one-off supply chain costs, partially offset through cost saving initiatives
- a delay in cash receipts into FY27 due to the later timing of IMF sales in 4Q26

Accordingly, the Company now expects the following for FY26, expressed on a continuing operations basis:

- Revenue growth of low to mid double-digit<sup>1</sup> percent versus FY25<sup>2</sup> (previously mid double-digit<sup>1</sup>)
- EBITDA % margin to be approximately 14.0% to 14.5% (previously 15.5% to 16.0%)
- Depreciation and amortisation to be approximately \$20 million (previously \$20 to \$24 million)
- Interest income to be lower due to lower market rates and net transaction cash outflows
- NPAT to be similar to down on FY25 reported<sup>2</sup> (previously up)
- Cash conversion to be approximately 50% (previously 80%)
- Capital expenditure of approximately \$60 to \$80 million

A range of key risks could materially impact expected revenue and earnings outcomes including, but not limited to, further delays in freight and clearance timing, 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, regulatory changes and the Middle East conflict.

The Company will continue to keep the market informed in accordance with our continuous disclosure obligations.

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<sup>1</sup> Double-digit refers to the range 10% to 20%.

<sup>2</sup> FY25 continuing operations revenue was \$1,757 million and FY25 reported NPAT was \$203 million.

**Authorised for release by the Board of Directors**

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