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17 August 2026

NZX/ASX Market Release

# FY26 Results Commentary and Outlook

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

The a2 Milk Company ("the Company", "a2MC") announces full year financial and operational results for the 12 months ended 30 June 2026. Key results are as follows:

| Continuing operations (NZ$ million) | FY26 | FY25 | Variance (%) |
|---|---|---|---|
| Revenue | 1,974.9 | 1,757.2 | 12.4% |
| EBITDA[5] | 284.4 | 291.7 | (2.5%) |
| *Underlying[6] EBITDA* | 307.6 | *291.7* | *5.4%* |
| Net profit after tax (NPAT) | 207.5 | 220.3 | (5.8%) |
| *Underlying[6] NPAT* | *235.8* | *220.3* | *7.0%* |
| Basic earnings per share (cents) | 28.6 | 30.4 | (6.0%) |
| *Underlying[6] basic EPS (cents)* | *32.5* | *30.4* | *6.8%* |
| Net cash[7] (total reported) | 784.5 | 1,061.2 | (26.1%) |
| Ordinary dividends (NZ cents per share) | 21.0 | 20.0 | 1.0cps |
| Special dividend (NZ cents per share) | 41.355 | – | n/a |

FY26 Revenue grew 12.4% to $1,974.9 million, driven by growth in English label Infant Milk Formula (IMF), Other Nutritionals and Liquid Milk. Revenue growth was partially offset by a reduction in China label IMF sales driven by supply chain disruption in 4Q26, with the contributing factors now resolved and product availability significantly improved. Refer to *4Q26 Supply chain disruption* section below for further detail.

The China & Other Asia segment was up 11.2%, led by English label IMF and Other Nutritionals growth. USA segment revenue was up 28.6% due to core and grassfed liquid milk growth, whilst ANZ segment revenue was up 10.2% driven by Australian liquid milk growth from both core and lactose free.

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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 12 months ended 30 June 2025 (FY25), unless otherwise stated.
5 Earnings before interest, tax, depreciation and amortisation. 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 FY26 Results Investor Presentation dated 17 August 2026.
6 Underlying results represent the Group's reported results excluding a2 Pōkeno 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 Pōkeno's FY26 losses, including transformation costs are as follows: EBITDA loss of $23.2 million and NPAT loss of $28.3 million.
7 Including term deposits.

From a product category perspective, total IMF sales grew 4.7%, with English label sales up 23.2% driven by cross border e-commerce (CBEC) and offline to online (O2O) channel growth, plus increasing contribution from other markets, particularly Vietnam. China label sales were down 14.0%, with growth impacted by 4Q26 supply chain disruption.

Liquid Milk sales grew 21.8%, with ANZ up 17.2% and USA up 28.9%. Other Nutritionals[8] sales were up 59.9% (42.3% excluding a2 Pōkeno external ingredient sales), driven by growth in kids and seniors fortified milk powder products and supported by the launch of a new kids fortified UHT product and the *a2 至奕™ (a2 Zhi Yi™*) paediatric supplements range.

Gross margin percentage[9] of 47.7% was down 3.4ppts due to expected a2 Pōkeno losses while the facility was under-utilised (ahead of the planned *a2 Platinum™* transition from Synlait in 1H27 that will significantly increase production levels and improve financial results), lower share of China label IMF sales, one-off supply chain costs related to 4Q26 supply chain disruption, and an increase in underlying COGS due to higher milk and other ingredient prices, particularly in 2H26.

Distribution costs were marginally higher as a percentage of net sales revenue at 3.5% due to higher freight rates primarily related to Liquid Milk.

Marketing investment of $325 million was higher in support of the China growth strategy and innovation, focused on new user recruitment. China marketing continues to make up the vast majority of the Group's investment.

Administrative and other expenses (SG&A) were higher as a percentage of revenue at 14.3% due to investment in capability to support China growth and supply chain initiatives, including planned a2 Pōkeno transformation costs (transaction, separation of Mataura Valley Milk (MVM), integration and transition costs), plus higher FX losses due to the weakening of the NZD, partly offset by cost reduction initiatives. Excluding FX losses, SG&A as a percentage of revenue was lower than prior year.

EBITDA was down 2.5% to $284.4 million, with EBITDA % margin of 14.4% in line with previous guidance. Excluding a2 Pōkeno operating losses and transformation costs, underlying[6] EBITDA of $307.6 million was up 5.4% with underlying[6] EBITDA % margin of 15.6%.

Depreciation and amortisation of $16.9 million was higher than FY25, reflecting the a2 Pōkeno acquisition impact. Net interest income was lower due to lower market rates and net transaction cash outflows. The effective tax rate improved to 30.0% due to partial utilisation of a2 Pōkeno and USA tax losses.

NPAT from continuing operations decreased by 5.8% to $207.5 million. On an underlying[6] basis, NPAT was up 7.0% to $235.8 million. Basic earnings per share (EPS) from continuing operations was 28.6 cents, and 32.5 cents on an underlying[6] basis. Total reported NPAT was $111.1 million including losses from discontinued operations of $96.4 million that was mostly due to the MVM non-cash divestment loss recognised in 1H26.

The Company's balance sheet remains strong with closing net cash of $784.5 million with operating cash conversion of 68%[10] for the year in line with guidance and impacted by an expected increase in inventory outlined further below. Total capital expenditure was $86.4 million, reflecting significant investment of $51.6 million in the a2 Pōkeno transformation programme as part of the previously announced ~$100 million multi-year capital investment programme.

With regard to working capital, inventory increased by $151.5 million as expected due to the acquisition of a2 Pōkeno and subsequent raw material and base powder build ahead of *a2 Platinum™* in-sourcing from Synlait and production of the two new China labels, and normalisation of China label IMF stock that was low in FY25 due to Synlait manufacturing challenges. Trade and other receivables increased by $80.0 million due to the recognition of insurance proceeds recoverable related to the Australian securities class action[11], with trade and other payables up $130.3 million due to the recognition of class action settlement payable (fully offset by the receivable) and an increase for higher inventory related payables.

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[8] The Other Nutritionals portfolio consists of non-IMF powdered *a2 Milk*™ products, China & Other Asia liquid milk products and a2 Pōkeno external ingredient sales.

[9] Gross margin percentage is gross margin as a percentage of net sales revenue.

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

[11] Refer announcement *a2MC reaches in principle agreement to settle shareholder class action (7 April 2026)* and note C4 of the financial statements for further detail.

## Regional and product performance

### *1. China & Other Asia*

The overall China IMF market value grew by 0.7%[12] in FY26, as premiumisation offset low single digit volume declines. Stage 1 value was in low single digit percentage growth, Stage 2 in mid single digit percentage growth and Stage 3 stabilised during the period. CY25 newborns of 7.9 million[13] 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[14] and by a greater focus on birth rate stabilisation which is listed as a China Central Government priority in 2026[15].

a2MC's China & Other Asia segment revenue grew by 11.2% to $1,447.6 million driven primarily by IMF sales growth of 5.6% and Other Nutritionals[16] sales growth of 71.0%, with segment EBITDA of $307.3 million, down 7.5% with margins impacted by the 4Q26 supply chain disruption as outlined below.

*4Q26 supply chain disruption*[17]

As previously announced, the Company was impacted by shortfalls of China label IMF product at distributors and retailers that materially impacted in-market product availability during 4Q26 and necessitated a large proportion of existing users to switch to alternative brands as they ran out of pantry stock mainly in June.

These product shortfalls were due to a number of factors, including strong demand in the preceding quarter, freight challenges, Synlait production backlog, extended product release times, and additional customs clearance requirements and testing measures. The contributing factors have now been resolved with product availability significantly improved.

The product availability impact on English label IMF product was limited on *a2 Platinum™* and largely concentrated on *a2 Genesis*™, which was affected by planned production downtime at a2 Pōkeno and a change in China importation requirements.

In addition, *a2 Platinum™* offtake in China has been indirectly impacted by the USA label IMF recall announced in May 2026. The recall was isolated to the USA label product, which has a different formulation and relevant ingredient to the English label *a2 Platinum*™ IMF sold in Australia, New Zealand, South Korea, Vietnam and through cross border channels into China.

The Company is now focused on various sales and marketing initiatives to encourage previous China label IMF users to return while accelerating new user recruitment with its retail and distribution partners as well as actions to improve offtake momentum in English label. Refer to the *Outlook* section below for further commentary on FY27.

*China label IMF*

The total China label IMF market stabilised in FY26 with value down 0.2%[12], as low single digit volume declines were offset by increased contribution from higher priced early stage products and continued premiumisation trend. The trend towards online channels also continued with increased pressure on offline channels resulting in further store closures.

Brand concentration stabilised, with share of top-10 brands (including a2MC) in the China label market flat at 78%[12] and divergent performance among top brands.

a2MC China label IMF revenue declined by 14.0% to $544.3 million (1H26: up 6.5% vs pcp, 2H26 down 33.0% vs pcp). After a positive first three quarters of the year, with market share reaching record levels, China label IMF sales were materially impacted by 4Q26 supply chain disruption outlined above.

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[12] Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 52 weeks ended 12 June 2026 and similar for prior periods. Kantar restated 2025 market data in March 2026 based on actual number of newborns released by China National Bureau of Statistics.

[13] China National Bureau of Statistics.

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

[15] China Central Economic Work Conference for 2026.

[16] Includes $23.8 million of a2 Pōkeno external ingredient sales, largely consisting of milk powder and cream.

[17] Supply chain disruption refers to the temporary shortfall in *a2™* IMF product availability in China in 4Q26, resulting from strong demand in the preceding quarter, air and sea freight constraints, Synlait production backlog, extended product release times due to enhanced testing, and additional customs clearance requirements and testing measures. Refer to separate announcements *Trading, Supply Chain and Outlook Update (13 April 2026)* and *Supply chain and FY26 results update (7 July 2026).*

On a MAT basis the Company maintained its MBS[18] market share across Key&A and BCD cities with 7.0% and 3.2% market share[19] respectively. DOL market share of 3.9%[20] was down 0.3ppts. However, on a quarterly basis, MBS 4Q26 market share was 2.1% and DOL 4Q26 market share was 1.8%, impacted by 4Q26 supply chain disruption. As stock levels have now significantly improved, the Company is focusing its resources on regaining past users and accelerating new user recruitment.

During the year the Company received regulatory approval for the use of two new China label products to be produced at a2 Pōkeno. These products are targeted at under penetrated and new segments for a2MC, including lower tier cities and the Organic segment, that will support China label market share recovery in FY27 and further growth beyond that.

*English label IMF*[21]

The total English label IMF market maintained growth for the year, increasing 5.7%[22]. Market conditions softened considerably in the second half, with growth moderating to 0.8% in 2H26 and 4Q26 down 4.7% on pcp, driven by a decline in early stage volumes as the market responded to industry recalls, with affected brands progressively recovering.

English label share of the total China IMF market further increased to 20%[22], up from a low of 14% in FY22, but still below pre-COVID levels of 28% in FY19 and higher levels prior to that.

a2MC English label IMF grew with English label sales in the China & Other Asia segment of $714.6 million, up 27.8%. a2MC's English label performance was driven by CBEC and O2O channel performance over the first three quarters of the year, increasing contribution from *a2 Genesis™* and from other markets, particularly Vietnam.

On a MAT basis, a2MC was the leading CBEC share gainer[23] and *a2 Genesis™* achieved 1.8% share on CBEC with over 60% of offtake coming from early-stage products. a2MC remains the second largest brand in the China English label market with 19.5%[22] market share.

Whilst the product availability impact on *a2 Platinum™* from supply chain disruption was limited, 4Q26 offtake was indirectly impacted by the USA label IMF recall announced in May 2026 despite the recall being isolated to the USA label product which uses a different relevant ingredient to the *a2 Platinum™* product sold in China and other countries. *a2 Genesis™* sales continued to grow and now make up 6% of total a2MC English label sales, noting there was some product availability impact in 2H26 due to the planned production downtime at a2 Pōkeno and a change in China importation requirements.

Throughout FY26, 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.

Vietnam English label IMF sales grew 200% due to continued investment in consumer marketing and distribution expansion for both *a2 Platinum™* and *a2 Gentle Gold™*. Distribution expanded to over 3,500 MBS stores, including broader *a2 Platinum™* distribution in major retailer, Concung, and *a2 Gentle Gold™* expansion into lower tier cities.

*Other Nutritionals*

Other Nutritionals revenue in the China & Other Asia segment increased 71.0% to $188.6[24] million, driven by recent innovation launches. In FY25, the Company introduced three China label seniors fortified milk powder products targeting key health needs including immunity, bone, gut and heart health and a new kids fortified milk powder product for ages 3+, supporting immunity, eye health and brain development. In FY26, these products showed positive momentum, resonating well with consumers and creating incremental growth opportunities beyond IMF, with the kids fortified milk powder providing a substitute product for Stage 3 and Stage 4 China label IMF users during 4Q26 supply chain disruption.

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[18] MBS = Mother & Baby Stores (Nielsen MBS retail measurement service). DOL = Domestic online channel (Smart Path China IMF online market tracking: DOL platform sales by value).
[19] Nielsen MBS retail measurement service: mother and baby stores only retail sales (MAT by value).
[20] Smart Path China IMF online market tracking: DOL platform sales (MAT by value).
[21] Excludes USA label IMF sales.
[22] Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 52 weeks ended 12 June 2026.
[23] Smart Path China IMF online market tracking: CBEC sales (MAT by value).
[24] Includes a2 Pōkeno external ingredient sales of $23.8 million.

The Company continued to progress its innovation pipeline in FY26 launching a new China label kids fortified UHT product and entered the paediatric supplements market with its *a2 至奕™ (a2 Zhi Yi™*) range in 3Q26. The kids UHT product features a height-support formulation and was launched through Costco as lead offline partner supported by selective online distribution. The paediatric supplements range has products focused on immunity, gut health, brain and eye health and anti-allergy, and was launched across MBS and DOL channels. 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 sales also includes $23.8 million of a2 Pōkeno external ingredient sales, largely consisting of whole milk powder and cream.

## *2. Australia and New Zealand*

The Australia and New Zealand (ANZ) segment reported revenue of $348.2 million, up 10.2% and EBITDA of $60.7 million, up 5.5%. The result was primarily driven by growth in the Australian liquid milk business, with English label IMF sales declining 8.6% due to lower Daigou sales.

*Liquid Milk*

Australian liquid milk sales increased by 17.2% to $244.9 million, with growth from both the core *a2 Milk™* range and *a2 Milk™ Lactose Free*, and foreign currency translation benefits. *a2 Milk™* outperformed the category, delivering further market share gains with liquid milk value share up 0.5ppts to 11.7%[25]. *a2 Milk™ Lactose Free* achieved a record high MAT value share of 22.6%[25] with a2MC proud to be the first national lactose free brand, with the launch of *a2 Milk™ Lactose Free* in Coles in WA.

During the year, the Company also delivered premium brand exposure in China and Australia and selectively in other emerging markets as the first ever dairy milk partner of the Australian Open with strong results from its AO26 campaign providing significant brand exposure and product trial opportunities for the 1.3 million+ venue audience including through mass sampling.

*English label IMF and Other Nutritionals*

ANZ IMF sales declined 8.6% to $73.7 million as a result of lower Daigou channel sales with *a2 Gentle Gold™* continuing to drive sales growth in Australian retail channels. English label IMF focus remains on the China CBEC and O2O channels, however the Company continues to support the Daigou channel through marketing support and trade activations. Other Nutritionals sales were up 10.7% with growth across all product categories.

## *3. USA*

USA grew revenue by 28.6% to $179.0 million and delivered ongoing profitability improvement, with an improved EBITDA loss of $3.4 million (improvement from a loss of $9.3 million in FY25), and achieved breakeven in 2H26. Revenue growth was underpinned by double digit growth in both the *a2 Milk™* core range and *a2 Milk™ Grassfed* with increased household penetration, additional distribution points and higher average velocity per distribution point.

a2MC's market value share in the premium milk category for the Grocery channel increased to 2.8%[26], up from 2.2% in FY25. Brand equity strengthened materially, with aided awareness increasing from 15%[27] to 27% and spontaneous awareness more than doubling from 2.1% to 4.5%. Net Promoter Score increased 3 points to 66, achieving the highest score in the premium milk category.

The Company also established an exclusive partnership with Steak 'n Shake, a classic American restaurant chain, creating a new brand experience and growth platform for *a2 Milk™* core, grassfed and kids chocolate milk in foodservice. Grassfed milk growth was further supported by new ranging in customers, including Publix and HEB, and the establishment of a new grassfed milk farm in the Southeast to support year round supply.

From an IMF perspective, the Company completed a voluntary recall of limited USA label IMF batches in 4Q26. a2MC's long-term U.S. Food and Drug Administration IMF submission remains under review with a final factory inspection completed recently.

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[25] IRI Australian Grocery Weighted Scan, MAT basis to 30 June 2026.
[26] SPINS data for MULO Channel, L52 weeks as of 14 June 2026.
[27] a2MC brand health tracking July 2026.

### *Innovation and portfolio expansion*

Innovation and portfolio expansion are an important part of the Company's growth strategy and are increasingly contributing to performance, with recent innovation contributing over 50% of FY26 revenue growth. This includes growth from products such as *a2 Genesis™*, *a2 Gentle Gold™*, fortified kids and seniors milk powders, fortified kids UHT and Liquid Milk range extensions.

Looking ahead to FY27, there is a pipeline of product launches planned across key categories, including two new China label IMF products (increasing the portfolio from one to three products), meaningful updates to *a2 Platinum™* and *a2 Genesis™*, further expansion of the kids milk powder range, English label paediatric supplements and lactose free liquid milk in the USA. These initiatives are supported by the Company's internal innovation and product development capability, investment in a2 Pōkeno and a growing manufacturing partner network.

### *Supply chain transformation*

The Company successfully completed the acquisition of a2 Pōkeno, a world class nutritional facility, and divestment of MVM, as announced in August 2025[28]. The acquisition significantly increases control over a2MC's supply chain, expands capacity and capability, and is expected to deliver strong financial returns over time.

Post acquisition, the Company has made significant progress on its supply chain transformation strategy. During the year, the Company secured additional experienced manufacturing talent more than doubling the a2 Pōkeno team since acquisition, delivered against its capital investment programme which remains on time and on budget, invested in enhancing the site's world class IMF capabilities, and secured regulatory approval for registration amendments to enable the launch of two new China label products.

Looking ahead to FY27 the Company has commenced the planned insourcing of its English label *a2 Platinum™* product from Synlait, including formulation and packaging updates, and has commenced production of its two new China label products, bringing vertical margin capture benefits to the Group.

### *Sustainability*

The Company continued to invest in its *a2™* Farm Sustainability Fund across ANZ, supporting sustainability projects that demonstrate an integrated approach to deliver a meaningful impact across climate, nature, cows, and community.

During FY26, the Company progressed its emissions reduction implementation plan, supported by the collection of real on-farm data. With the integration of the a2 Pōkeno manufacturing facility, the Company has taken initial steps to transition the site's gas-fired boiler to a renewable energy source, and more broadly commenced work on 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 support Extended Producer Responsibility schemes in the markets where its products are sold.

### *Dividends*

The Board has declared a final dividend of 9.5 cents per share (unimputed and fully franked). The record date for the final dividend is 18 September 2026 and the payment date is 2 October 2026.

Including the interim dividend of 11.5 cents per share, total FY26 ordinary dividends of 21.0 cents per share represents an improved payout ratio for the full year of ~74% of continuing operations NPAT, versus FY25 of approximately 71% of reported NPAT.

In addition to the ordinary dividends announced for FY26, and as foreshadowed in August 2025, the Board declared and paid a $300 million special dividend, following regulatory approvals received in connection with amendments to the two a2 Pōkeno China label registrations for use under the *a2™* brand. The special dividend equated to 41.36[29] cents per share and was paid on 24 July 2026. The special dividend was unimputed and fully franked.

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[28] Refer to a2MC's market announcements on 18 August 2025.
[29] The dividend quoted has been rounded to 2 decimal places for ease of communication.

### *FY27 Outlook*

a2MC's revenue and EBITDA are expected to grow in FY27, supported by increased contribution from product innovation and new markets, continued momentum in Other Nutritionals and Liquid Milk, and a2 Pōkeno profitability improvement.

IMF sales are expected to be impacted by the flow-on effects of supply chain disruption in 4Q26. At this stage, the Company expects IMF sales to be broadly similar to FY26, with China label to gradually recover over the course of FY27 and English label offtake momentum to improve during the first half, supported by an increase in marketing particularly in 1H27. As a result, Group revenue and EBITDA are expected to be materially weighted to 2H27.

Whilst a range of outcomes is possible depending on the rate of recovery in IMF, the Company currently expects the following in FY27 compared to FY26 (on a continuing operations basis):

- Revenue growth of mid single digit percent, with 1H27 revenue broadly in line with 1H26
- EBITDA margin percent to be approximately 15%, with 1H27 to be materially down on 1H26
- Depreciation and amortisation to be approximately $20 million
- Cash conversion to be approximately 70-80%
- Capital expenditure to be approximately $70 million

The Company will provide an update on the progress of its IMF recovery plan at the Annual Meeting on 19 November 2026.

Key risks

A range of risks could materially impact expected revenue and earnings outcomes including, but are not limited to, extent and rate of recovery in China IMF, trading upside and downside, macroeconomic conditions, 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 risk, export and import requirements, the Middle East conflict, a2 Pōkeno transformation and transition risks and geopolitical risks.

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

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