



The a2 Milk Company

# 2025 INTERIM REPORT

We pioneer the future of Dairy for good





## Contents

<b>Financial statements</b>	<b>2</b>
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
<b>Corporate directory</b>	<b>19</b>

# 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)
<b>Profit for the period</b>		<b>83,996</b>	<b>78,594</b>
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
<b>Other comprehensive income</b>			
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)
<b>Total other comprehensive income/(loss), net of tax</b>		<b>9,395</b>	<b>(33,775)</b>
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)
<b>Total comprehensive income</b>		<b>93,391</b>	<b>44,819</b>
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
<b>Earnings per share</b>			
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
<b>Assets</b>			
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>1,407,826</b>	<b>1,287,945</b>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>487,590</b>	<b>446,930</b>
<b>Total assets</b>		<b>1,895,416</b>	<b>1,734,875</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>473,917</b>	<b>416,774</b>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>66,725</b>	<b>61,328</b>
<b>Total liabilities</b>		<b>540,642</b>	<b>478,102</b>
<b>Net assets</b>		<b>1,354,774</b>	<b>1,256,773</b>
<b>Equity</b>			
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)
<b>Total equity</b>		<b>1,354,774</b>	<b>1,256,773</b>

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
<b>Cash flows from operating activities</b>			
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)
<b>Net cash inflow from operating activities</b>	9	78,797	62,135
<b>Cash flows from investing activities</b>			
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
<b>Net cash outflow from investing activities</b>		(90,470)	(19,752)
<b>Cash flows from financing activities</b>			
Payments of lease principal		(2,866)	(2,056)
Net proceeds from/(repayments of) borrowings		28,000	(45,000)
<b>Net cash inflow/(outflow) from financing activities</b>		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)
<b>Cash and short-term deposits at the end of the period</b>	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](http://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)

<b>Six months to 31 December 2024</b>	<b>China and Other Asia \$'000</b>	<b>Australia and New Zealand \$'000</b>	<b>USA \$'000</b>	<b>Mataura Valley Milk \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
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)	-
<b>Reportable segment revenue</b>	614,249	157,740	64,474	73,070	(15,685)	893,848
<b>Reportable segment results (Segment EBITDA)</b>	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
<b>Six months to 31 December 2023</b>	<b>China and Other Asia \$'000</b>	<b>Australia and New Zealand \$'000</b>	<b>USA \$'000</b>	<b>Mataura Valley Milk \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
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)	-
<b>Reportable segment revenue</b>	549,459	162,194	56,940	51,518	(8,007)	812,104
<b>Reportable segment results (Segment EBITDA)</b>	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 <sup>1</sup>	258,390	40,492	845	-	299,727
Liquid milk <sup>2</sup>	-	103,811	63,450	-	167,261
Other nutritionals <sup>3</sup>	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 <sup>1</sup>	210,509	53,951	807	-	265,267
Liquid milk <sup>2</sup>	-	93,315	55,952	-	149,267
Other nutritionals <sup>3</sup>	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
<b>Current</b>		
Foreign currency forward contracts	20,720	8,739
<b>Non-current</b>		
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

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

## 8. Cash and term deposits

	<b>31 Dec 24 \$'000</b>	<b>30 Jun 24 \$'000</b>
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:

	<b>31 Dec 24 \$'000</b>	<b>30 Jun 24 \$'000</b>
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
<b>Adjustments for non-cash items:</b>		
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)	-
<b>Changes in working capital:</b>		
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)
<b>Net cash inflow from operating activities</b>	<b>78,797</b>	<b>62,135</b>

## 10. Loans and borrowings

	31 Dec 24 \$'000	30 Jun 24 \$'000
<b>Current</b>		
Secured:		
Bank loans	28,000	-
	28,000	-
<b>Non-current</b>		
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

<b>Movements in contributed equity:</b>	<b>Number of shares</b>	<b>\$'000</b>
Fully paid ordinary shares:		
Balance 30 June 2024	722,934,808	100
<b>Movements in the period:</b>		
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:

<b>Performance rights grants:</b>	<b>Performance period</b>	<b>EPS CAGR</b>	<b>Revenue CAGR hurdles</b>		
			<b>50% vest</b>	<b>85% vest</b>	<b>100% vest</b>
<b>FY25 plan</b>					
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

<b>Grant date</b>	<b>4 Oct 24</b>	<b>9 Dec 24</b>
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
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### Imputation

Imputation ratio	100%
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Imputation credit - cents per ordinary share	3.31
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### Franking

Franking percentage	100%
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Franking credit - cents per ordinary share	3.64
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### Key dates

Ex-dividend date	20 March 2025
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Record date	21 March 2025
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Payment date	4 April 2025
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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 &amp; Young', is positioned above the printed name and date.

Ernst & Young  
Sydney  
16 February 2025

## Corporate directory

<b>Company</b>	The a2 Milk Company Limited	
<b>New Zealand share registry</b>	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	
<b>Australian share registry</b>	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	
<b>Registered offices</b>	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
<b>Auditor</b>	Ernst & Young 200 George Street Sydney NSW 2000 Australia	
<b>Corporate website</b>	<a href="http://www.thea2milkcompany.com">www.thea2milkcompany.com</a>	
<b>Company Secretary</b>	Jaron McVicar	
<b>Company Directors</b>	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)	



**[thea2milkcompany.com](https://thea2milkcompany.com)**