



2022 ANNUAL MEETING

The a2 Milk Company Limited 18 November 2022



Disclaimer

This presentation dated 18 November 2022 should be read in conjunction with, and subject to, the explanations and views in documents previously released to the market by The a2 Milk Company Limited (the “Company”), including the Company’s Annual Report for the 12 months ended 30 June 2022 and accompanying information released to the market on 29 August 2022.

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WELCOME

DAVID HEARN

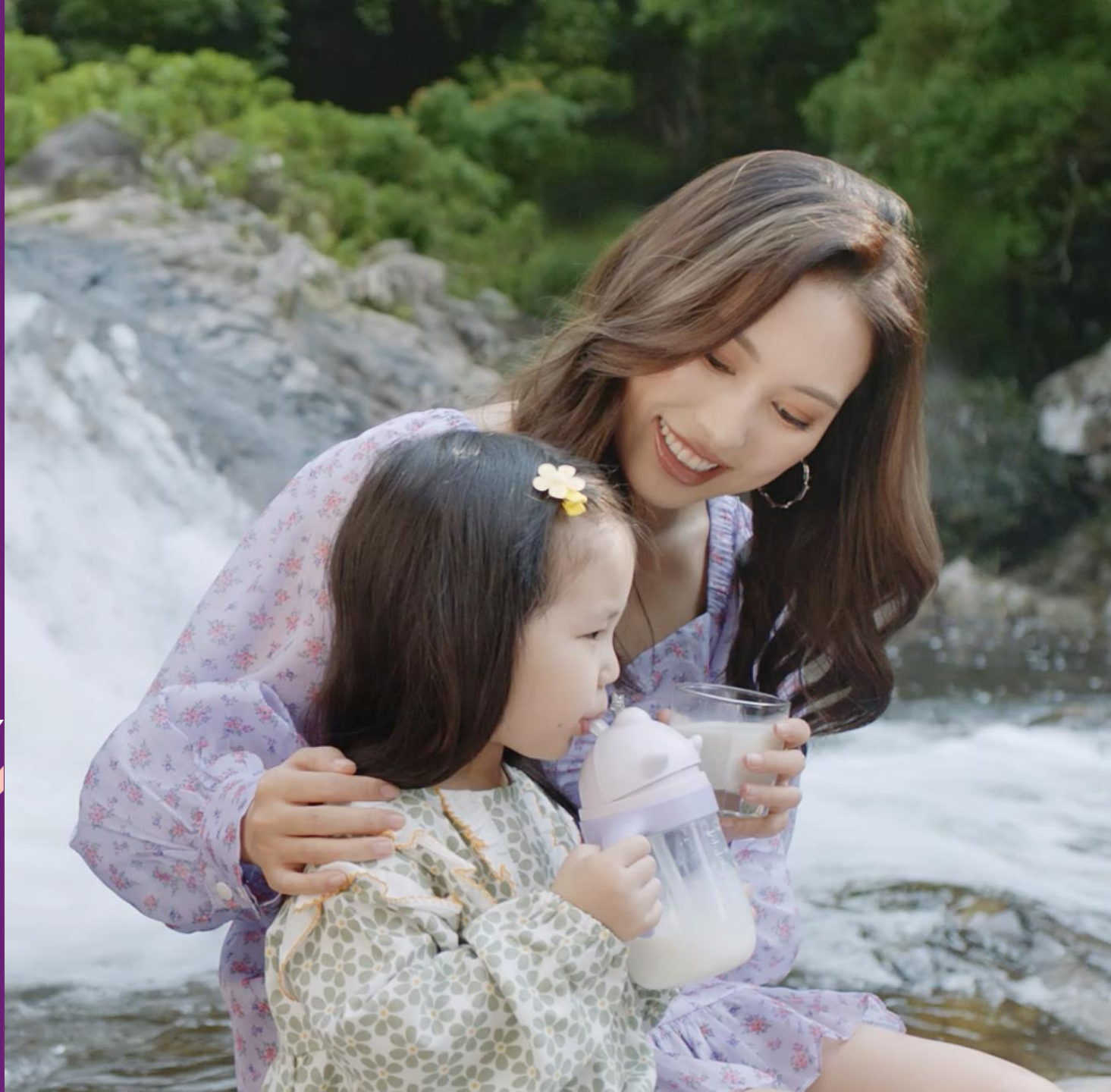


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CHAIR SPEECH

DAVID HEARN



MD & CEO ADDRESS

DAVID BORTOLUSSI



Significant progress implementing refreshed strategy and improved performance in FY22

FY22 progress and key points

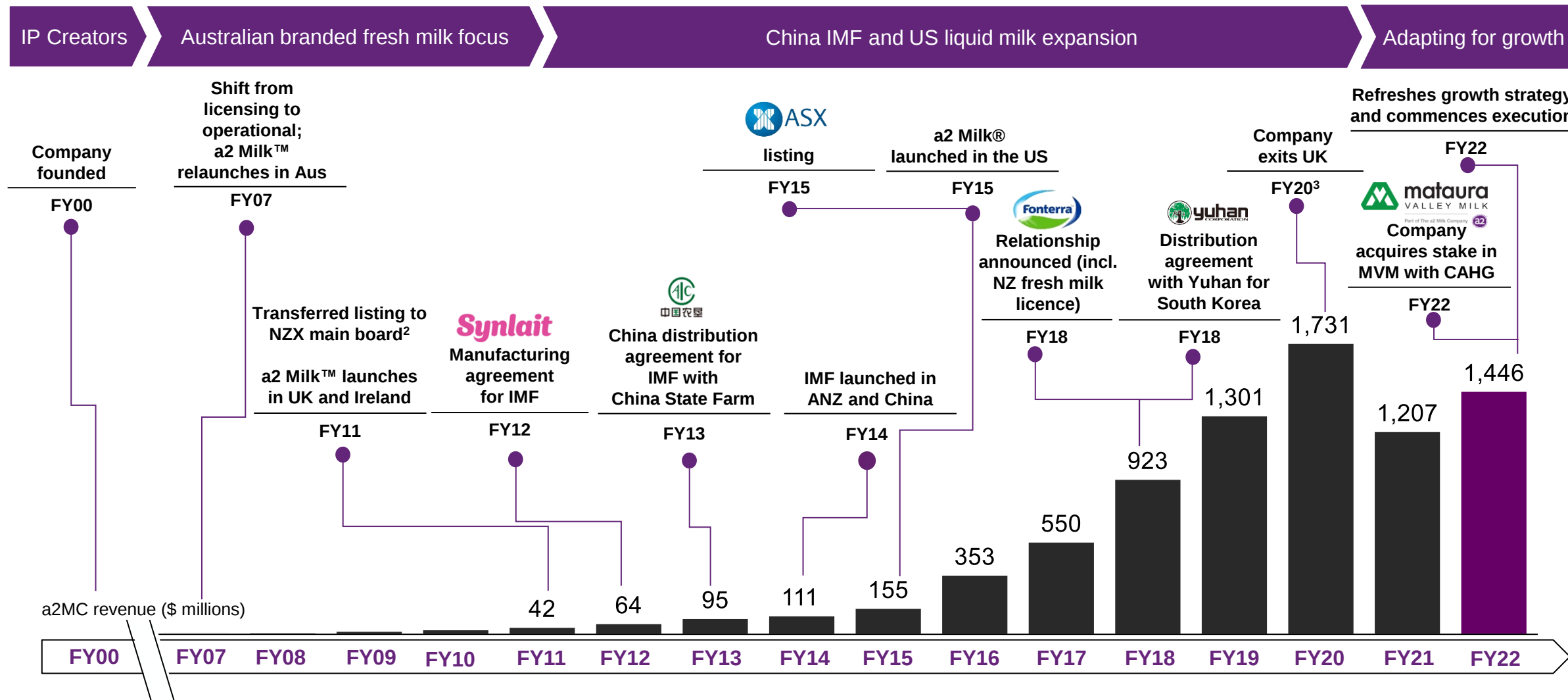
- 1. Inventory management actions completed and effective**
 - Channel inventory at target levels, leading product freshness and improved market pricing
- 2. Strong early execution of refreshed growth strategy**
 - Increased investment, new highs in brand health, record market shares and return to growth
- 3. Full year result in line with the Company's expectations**
 - Double digit revenue and earnings growth despite challenging market conditions
- 4. Outlook for the business is positive**
 - Continued revenue and earnings growth expected in FY23 and on track to deliver on medium-term ambition
- 5. Significant renewal of Executive Leadership Team**
 - Good mix of leadership skills, experience and diversity to lead the Company going forward

Updates post result in August

- **On-market share buyback commenced**
 - Up to \$150m over 12 months from 5 October 2022
- **SAMR registration process progressing**
 - Anticipated in 2H23 subject to SAMR approval
- **China State Farm import and distribution agreement renewed**
 - Exclusive arrangements for 5 years from 1 October 2022
- **Successful new a2 Platinum® launch**
 - Well received by market with transition to complete in 1H23
- **FDA approval obtained**
 - Enforcement discretion approval obtained on 1 November 2022 to import infant milk formula (IMF) into the US



Return to growth after COVID-19 related disruption in FY21



¹ All figures in New Zealand Dollars (NZ\$), unless otherwise stated.

² Listed on the NZX alternative market (NZAX) in 2004 and transferred listing to NZX main board in 2012.

³ Revenue from continuing operations only.

Source: a2MC.

FY22 result delivered double-digit revenue and earnings growth in a challenging market

- **Group results in line with the Company's expectations**

- Group revenue growth of 19.8% to \$1,446.2 million (growth of 11.2% ex-MVM) with 2H22 up 18.9% on 1H22 (15.7% ex-MVM)
- EBITDA¹ up 59.0% to \$196.2 million, EBITDA margin 13.6% in FY22 (16.1% ex-MVM)
- NPAT, including non-controlling interest, up 42.3% to \$114.7 million with \$122.6 million attributable to owners of the Company²
- Closing net cash³ of \$816.5 million with operational cash conversion of 114%⁴

- **Results driven by strong performance across the Company's regions and products**

- China label IMF sales up 12.2% driven by record high market shares achieved in MBS and DOL
- English label IMF sales up 11.6% with market share increasing in CBEC (2H22) and O2O, and Daigou trajectory improving (2H22)
- ANZ liquid milk sales up 1.8% with record market share, moderated in 2H22 due to lockdowns easing and reduced in-home consumption
- USA liquid milk sales up 30.2% driven by strong growth in grocery and supported by new innovation
- MVM sales of \$104.4 million for the 11 months under a2MC ownership (75%)

- **Other operational highlights**

- Strong growth in brand health metrics to new highs following material increase in brand investment during the year
- Deliberate shift in distribution of English label IMF to more transparent, performance-based and exclusive partners progressing well
- Increase in innovation with the highest number of new product launches in the Company's history
- Significant increase in sustainability targets, initiatives and impact in many areas of the business, particularly MVM electrification project

¹ 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 provided in the Company's Annual Report and Investor Presentation for FY22.

² The non-controlling interest represents China Animal Husbandry Group's 25% interest in MVM.

³ Including term deposits and borrowings, excluding subordinated non-current shareholder loans.

⁴ Calculated as net cash flow from operating activities before interest and tax divided by EBITDA.

Key priorities of a2MC's refreshed growth strategy remain unchanged, with refinements to purpose and vision

Purpose	We pioneer the future of Dairy for good				
Vision	An A1-free world where Dairy nourishes all people and our planet				
Goals	PEOPLE Create a safe, diverse, inclusive and engaging place for our people to thrive, support our farmers and contribute to our communities	PLANET Protect our planet and cows, rethink packaging, achieve net zero and become nature positive	CONSUMERS Bring the unique benefits of pure and natural a2 Milk™ to as many consumers as possible	SHAREHOLDERS Create long-term, enduring value for shareholders and a trusted, transparent relationship	
Strategic priorities	1 Invest in people and planet leadership - Invest in our people to enable them to thrive - Take direct action to lead the industry in GHG emissions reduction, farming practices and sustainable packaging	2 Capture full potential in China IMF - Gain more control over CL and EL distribution and get closer to our consumer - Increase investment in our brand, digital marketing and e-commerce	3 Ramp-up product innovation - Expand our CL and EL IMF product portfolios - Enter adjacent product categories in relevant markets to drive growth	4 Transform our supply chain - Expand CL registered market access - Utilise MVM and invest in New Zealand capability - Develop China supply capability over time	5 Accelerate path to profitability - Take action to realise potential in USA - Expedite insourcing of a2™ product and 3rd party volume to significantly increase MVM utilisation
Enablers	Brand strength		Science & innovation		Strategic relationships
Values	 Bold passion	 Pioneering spirit	 Humility	 Respect	 Integrity

Updated purpose and vision highlights the positive impact a2MC wants to have on the world, inspiring its team and partners

PURPOSE – WHY WE EXIST AND THE IMPACT WE CAN HAVE ON THE WORLD

The a2 Milk Company's purpose talks to the positive impact the Company can have. Our Purpose lives at the intersection of the Company's unique strengths and what the world needs.

**WE PIONEER
THE FUTURE
OF DAIRY
FOR GOOD**

To be continually at the forefront of change

Using the processes and products available today and being open to what dairy could become tomorrow

FOR THE GOOD OF

People

- Our consumers (healthy and tasty nutrition)
- Our team (motivated and engaged)
- Our farmers (sustainable partners)

Planet

- Animal welfare (best practice)
- GHG emissions (net zero)
- Nature positive (thriving ecosystems)
- Sustainable packaging

VISION – THE KIND OF POSITIVE FUTURE THE COMPANY WANTS TO HELP CREATE

Opportunity for more consumers to experience the digestive and other potential health benefits of A1 protein free milk

**AN A1-FREE WORLD
WHERE DAIRY
NOURISHES ALL
PEOPLE AND
OUR PLANET**

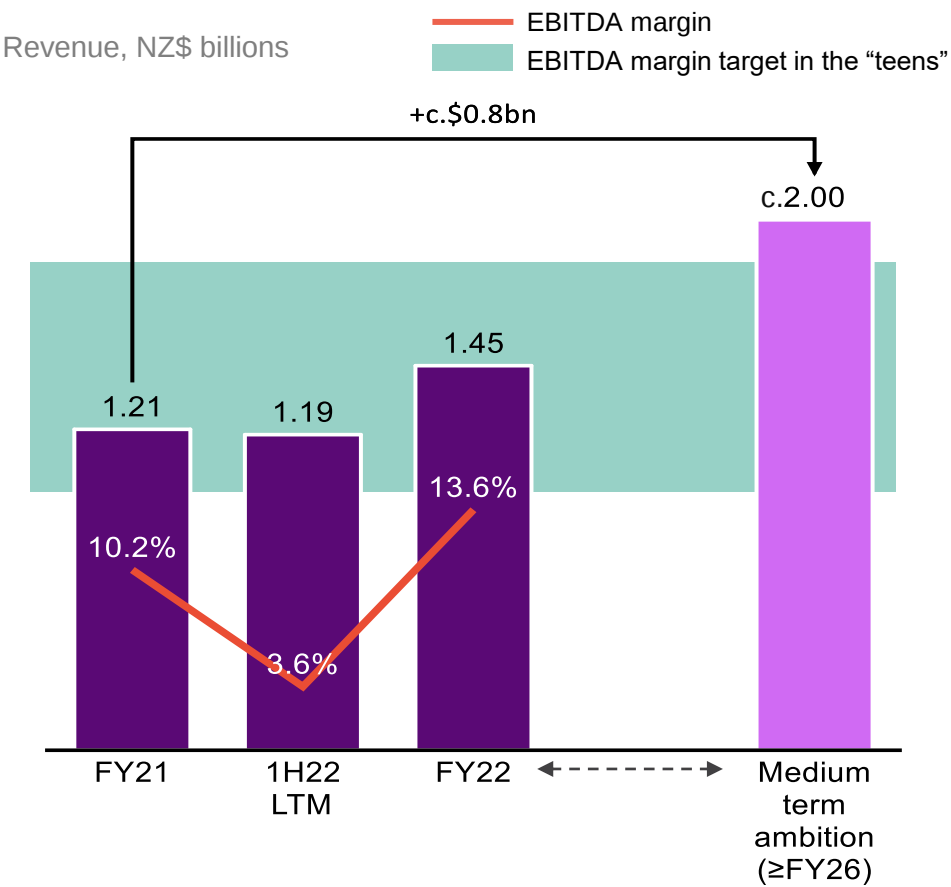
In combination with other foods, dairy can help deliver on people's complete nutritional needs

Dairy helps nourish consumers, farmers and communities to take advantage of opportunities to live their best lives

Dairy has the potential to be GHG net zero and nature positive

On track to achieve ambition to grow sales to \$2 billion and improve EBITDA margins over time

Medium-term revenue and EBITDA margin ambition



Areas of planned revenue growth

Market / category	Growth ambition (FY21 to ≥FY26) ¹	Tracking
China label IMF	\$0.4	On track
English label IMF	\$0.3	On track
China and other nutritionals	\$0.2	Work in progress
Emerging markets	\$0.1	Work in progress
ANZ	\$0.1	On track
USA	\$0.1	On track
Non-specific risk	\$(0.4)	
Net growth	c.\$0.8b	On track

On track
Work in progress

Comments

- \$2 billion revenue goal implies a 4-year CAGR of 8.5% from FY22 if achieved by FY26
- Solid progress in FY22 towards medium-term ambition with most growth drivers and associated initiatives on track to plan
 - China label is ahead
 - Other nutritionals and emerging markets are work in progress
- Positive indicators, including:
 - Brand health metrics
 - Market share gains
- Outlook for FY23 is now for low double digit revenue growth broadly consistent with achieving medium-term ambition over time

Refer to Investor Day materials communicated to the market on 27 October 2021 for further information on medium-term ambition, strategy, risks and opportunities

¹ Incremental revenue ambition growth bridge from \$1.21 billion in FY21 to c.\$2.0 billion in ≥FY26 provided in Investor Day materials in October 2021. Provided for tracking purposes and should not be added to FY22 actual revenue result of \$1.45 billion.

Encouraging progress against our non-financial measures of success and key leading indicators

People

1

Safety TRIFR



Engagement



Diversity & inclusion



Sustainability

2

GHG emissions reduction



Environmental plans on farms



Animal welfare programmes



Sustainable packaging



Brand health

3

China unprompted brand awareness



Australian fresh milk loyalty



USA household penetration



Market share

4

CL MBS share



CL DOL share



EL CBEC share



EL Daigou share



EL O2O share



Australian fresh milk share



USA premium milk share



Innovation

5

Access to ≥3 CL registrations



China other dairy / nutritionals growth



Emerging markets development



USA sales from new products

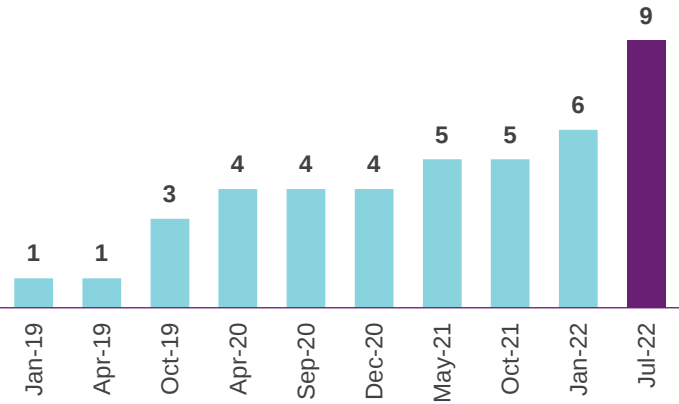


ANZ sales from new products

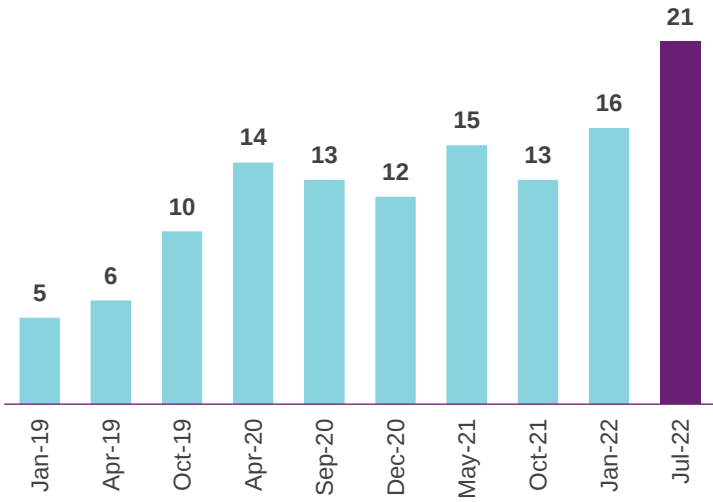


China brand health metrics reached new highs in FY22 supported by increased investment

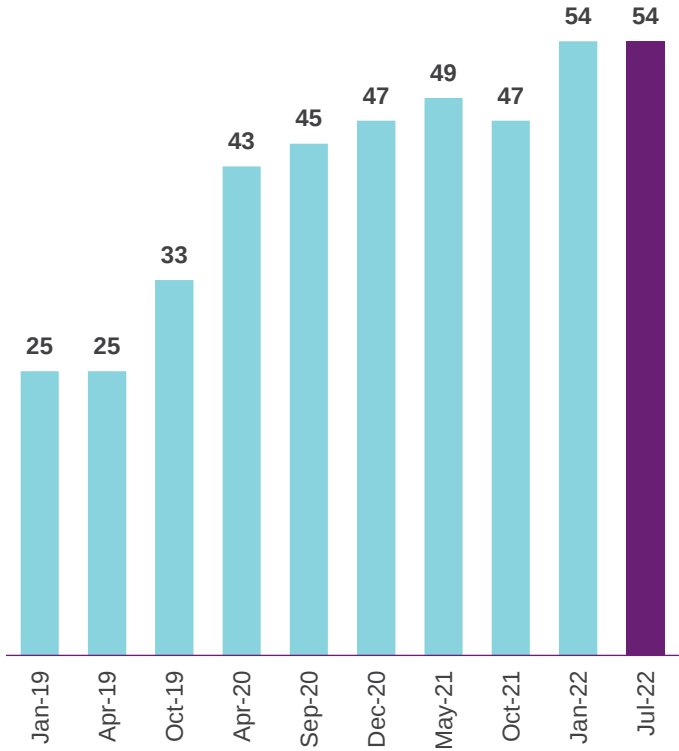
a2MC top of mind awareness %



a2MC spontaneous awareness %



a2MC total brand awareness %

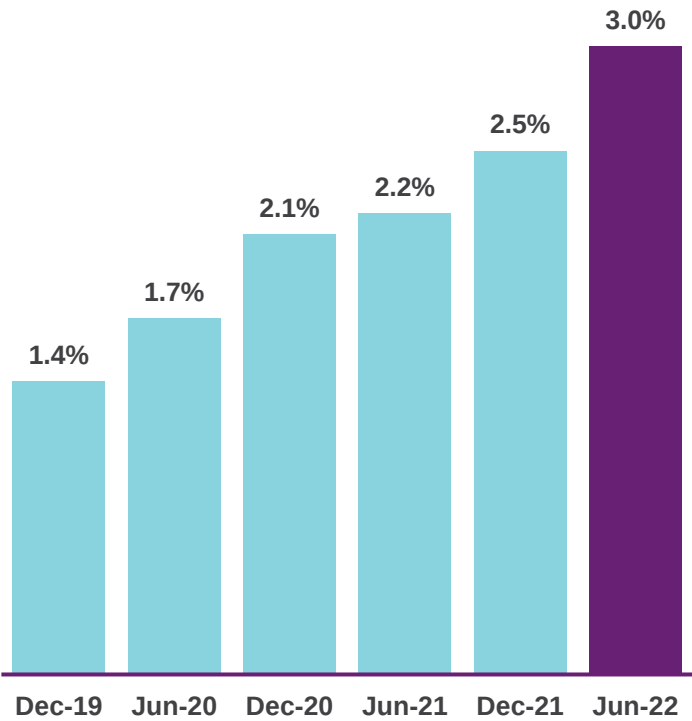


Source: IPSOS China brand health quarterly tracker (n= 9750 respondents).

China label offline share increased in both Key&A and BCD cities

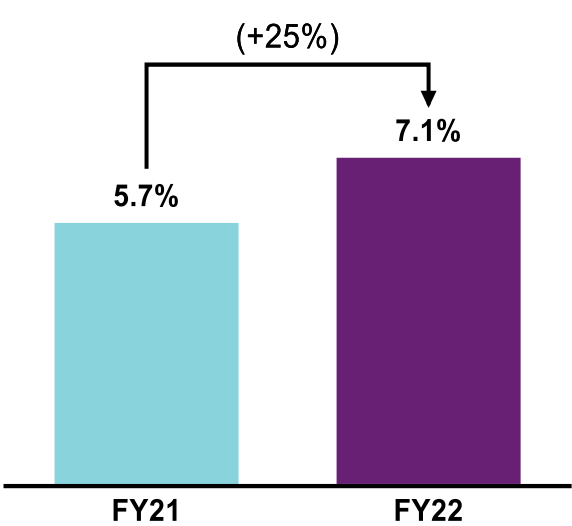
National MBS value share

a2MC MBS MAT value share (%)



Key&A MBS value share

a2MC Key&A 12-month MBS value share (%)

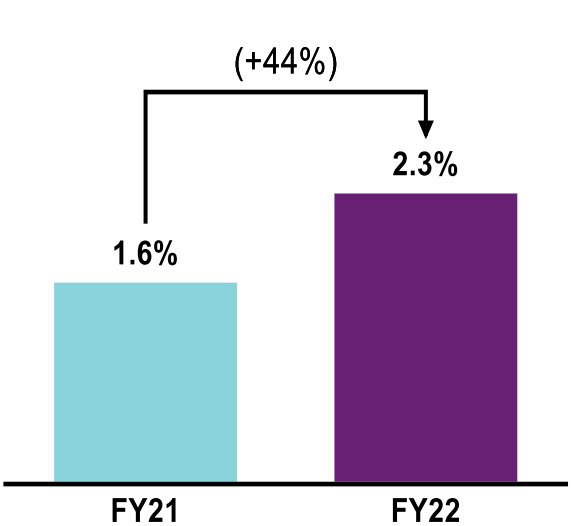


IMF market

- Declined by 11% on a 12-month basis in FY22 vs FY21

BCD MBS value share

a2MC BCD 12-month MBS value share (%)



IMF market

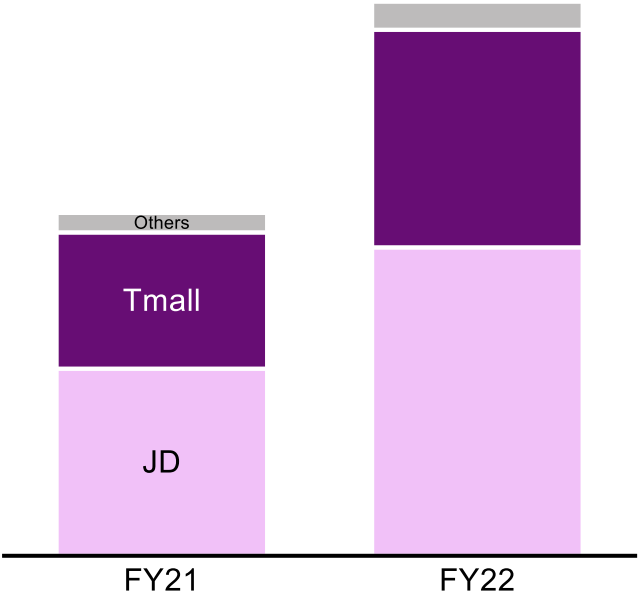
- Was broadly flat on a 12-month basis in FY22 vs FY21

Note: Nielsen expanded overall sample store coverage by 21% to enhance representativeness in their China Baby Panel Enhancements in January 2022. Historical data has been updated accordingly.
Source: Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value).

China label online share increased particularly in key platforms

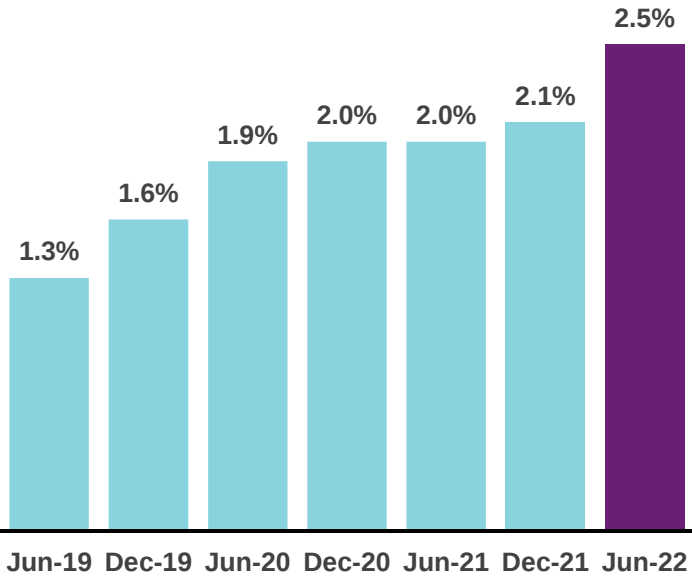
a2MC DOL sales growth

a2MC CL online IMF sales from distributors to platforms (tins)¹



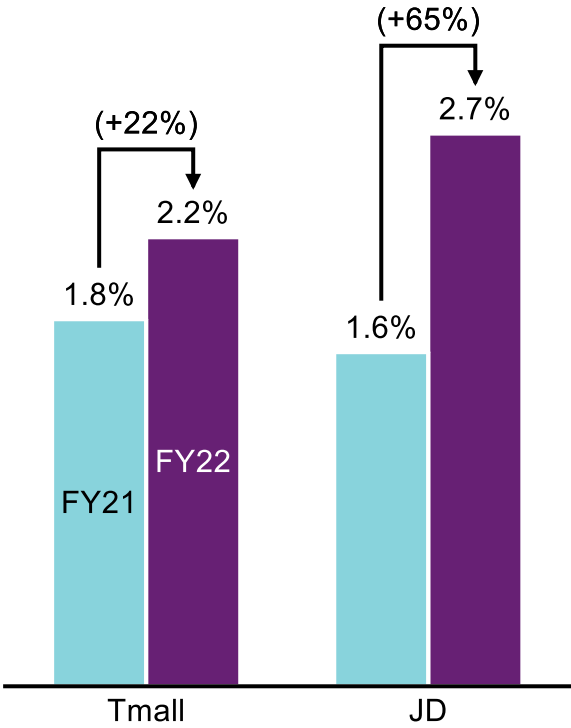
DOL value share

a2MC DOL MAT value share (%)²



Tmall and JD value share

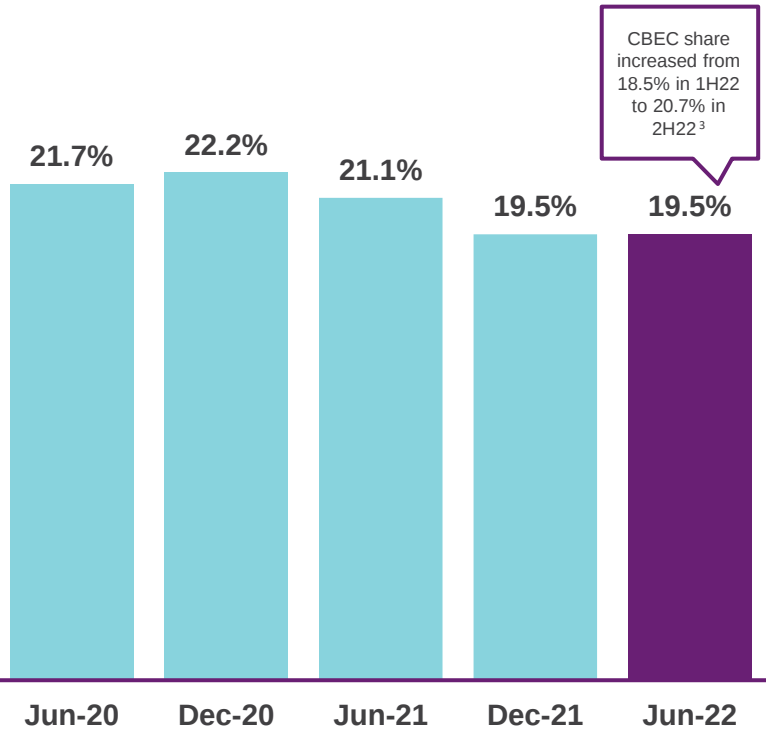
a2MC Tmall and JD MAT value share (%)²



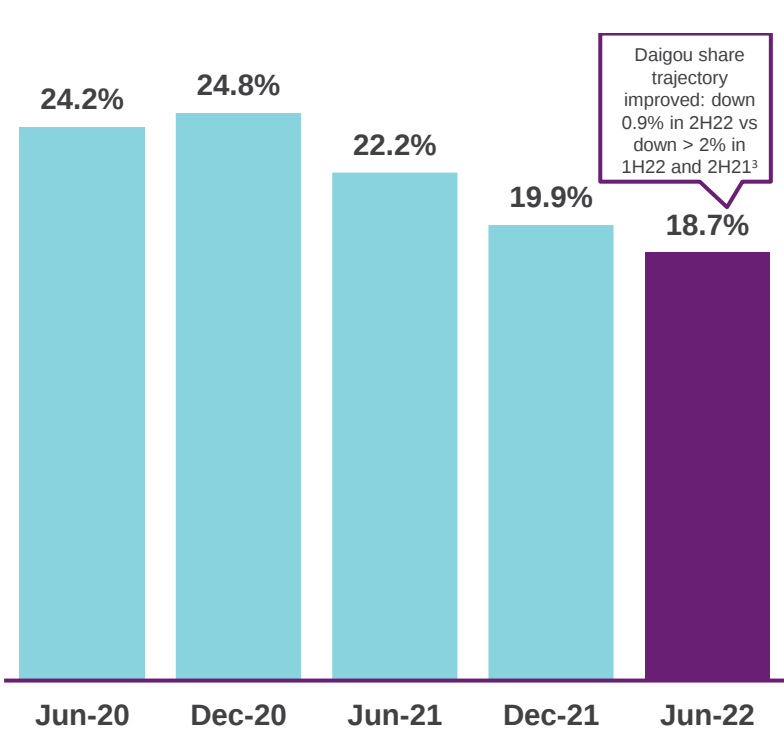
¹ a2MC internal data FY21 vs FY22.
² Smart Path China IMF online market tracking: domestic online platform sales (by value).

English label share improved in CBEC (2H22) and O2O with Daigou trajectory improving

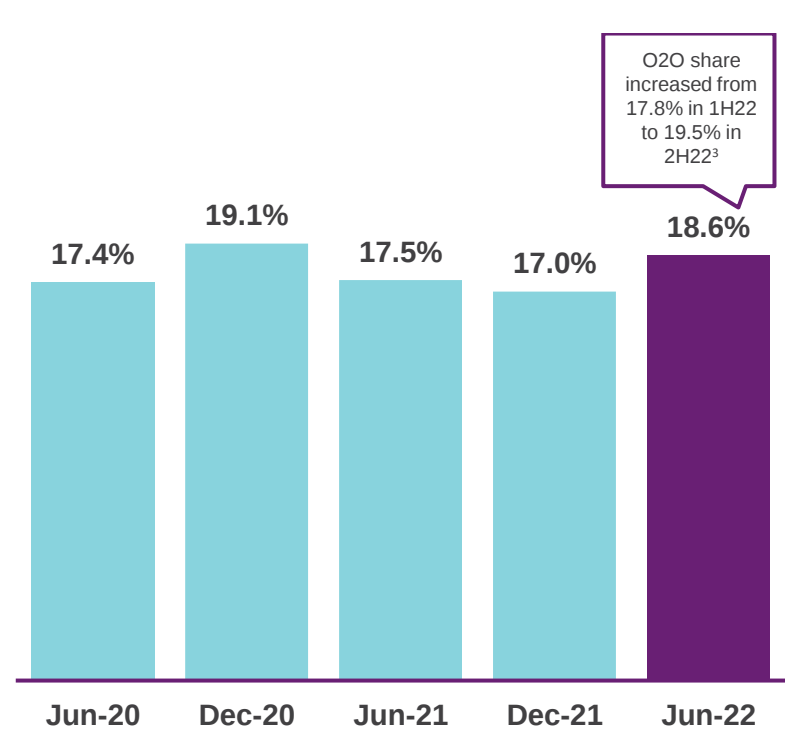
CBEC market value share¹



Daigou market value share²



O2O market value share²



Note: Kantar had an universe update in June 2022 to better reflect baby population structure change and updated historical data accordingly.

¹ Smart Path China IMF online market tracking: for CBEC only retail sales (by value).

² Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities).

³ Note that all these numbers are six month rather than MAT.

Significant renewal of Executive Leadership Team*

Business leadership		Functional leadership		
				
Kevin Bush Executive General Manager – ANZ <i>Internal promotion</i>	Xiao Li Chief Executive – Greater China <i>Internal promotion</i>	Edith Bailey Chief Marketing Officer <i>External appointment (ex Danone)</i>	Amanda Hart Chief People & Culture Officer <i>External appointment (ex Dyson)</i>	Eleanor Khor Chief Strategy Officer <i>Internal promotion</i>
				
Yohan Senaratne Executive General Manager – International <i>External appointment (ex Bellamy's)</i>	Blake Waltrip Chief Executive – USA <i>No change</i>	Jaron McVicar Chief Legal and Sustainability Officer** <i>Internal promotion</i>	David Muscat Chief Financial Officer <i>External appointment (ex DIM Brands)</i>	Chopin Zhang Chief Supply Chain Officer <i>External appointment (ex Yashili)</i>

* Changes from 1 January 2021 plus MD & CEO; ** Also Company Secretary

On-market share buyback commenced for up to \$150 million

- The buyback announced at the Company's FY22 result for up to \$150 million has commenced and may run for up to 12 months
- The Company may acquire up to 37,180,621 ordinary shares through the NZX and ASX at the prevailing market price via the on-market buy back during the 12 month period
- The strength of the Company's balance sheet with a closing net cash¹ balance of \$816.5 million in FY22, in tandem with reviewing the Company's capital allocation framework led to the determination of returning capital to shareholders via an on-market share buy back
- The Company will continue to review its capital allocation framework on a regular basis to ensure it is prioritising investment opportunities in growth initiatives and maintaining balance sheet flexibility
- As at 17 November, the Company had acquired 2,838,452 shares on the ASX for A\$16.2 million, representing an average price of A\$5.72 per share and 289,843 shares on the NZX for NZ\$1.82 million, representing an average price of NZ\$6.28 per share on the NZX



¹ Including term deposits and borrowings, excluding subordinated non-current shareholder loans.

China label new GB registration process progressing

- a2MC's current China label IMF product a2 至初® registration was renewed in September 2022 which will allow Synlait to manufacture a2MC's current registered China label product until 21 February 2023 when transition to the new GB standard is required. The current registered product manufactured up until this date is allowed to be sold in market after that date
- a2MC and Synlait are working closely together in relation to the new GB registration process by China's State Administration for Market Regulation (SAMR) for a2MC's China label IMF product, a2 至初®. China label product manufactured after 21 February 2023 needs to comply with the new GB standard
- While the Company's new GB registration process is progressing, timing is uncertain and subject to SAMR approval. At this stage, it is anticipated that the new registration approval will be obtained in 2H23
- It is noted that the Ministry for Primary Industries (MPI) has co-operation arrangements in place with SAMR which, amongst other things, positions New Zealand well in relation to China registration processes
- In all circumstances, a2MC fully respects SAMR's governance and timing of this important registration process



Renewal of exclusive import and distribution arrangement with China State Farm Agribusiness

- On 3 October 2022, the Company announced that it had renewed its exclusive import and distribution arrangements with China State Farm Agribusiness Holding Shanghai Co. Ltd (CSFA) for a term of five years from 1 October 2022
- CSFA has been a2MC's strategic distribution partner in China since 2013
- CSFA is the exclusive import agent for a2MC's China label products, including a2 至初® China label infant milk formula
- CSFA is a wholly owned subsidiary of China National Agriculture Development Group Co, Ltd (CNADC), which is also the parent company of China Animal Husbandry Group (CAHG), which holds a 25% interest alongside a2MC's 75% interest in Mataura Valley Milk (MVM) located in Southland, New Zealand
- CNADC, CSFA and CAHG are highly regarded State Owned Enterprises and critically important strategic partners of a2MC



Successful new a2 Platinum® launch

- New a2 Platinum® now available in Australia and New Zealand (through major Retailers, Pharmacies and Daigou/Reseller Network) and China cross-border e-commerce (CBEC)
- Positive feedback to date from consumers, Retailers and Daigou/Resellers
- Successful 11:11 sales period in a highly competitive market
 - Maintained or improved platform rankings
 - Cleared virtually all remaining old label a2 Platinum® inventory with out-of-stocks increasingly observed
 - Major CBEC platforms pricing new a2 Platinum® at a premium versus old label product
- Held new a2 Platinum® Launch events with Daigou/Reseller Network to introduce new formulation
- Supporting launch with comprehensive China Brand Marketing campaign to drive consumer awareness, combined with direct Daigou/Reseller Network engagement to support selling activity



Outlook for FY23 is positive with continued growth expected

Outlook update

- With reference to the Company's full year guidance provided on 29 August 2022, underlying business performance is on track and broadly consistent with guidance
- Volatility in currency has the potential to impact the shape of the reported results. The recent relative weakness of the NZD¹ has had the effect of inflating both revenue and cost of doing business (including hedge losses). In addition, increased interest rates in Australia and New Zealand have improved the Company's return on term deposits (interest income)
- Having regard to year-to-date currency movements and should currency remain at prevailing levels, full year reported revenue is likely to increase to low double-digit growth compared to previous guidance of high single-digit growth. The Company also reiterates its guidance that 1H23 growth (on 1H22) is expected to be significantly higher than 2H23 growth (on 2H22)
- EBITDA is expected to remain broadly in line with plan and US IMF is not expected to have a material impact in FY23. EBITDA margin (% of sales) is expected to be similar to prior year compared to previous guidance of a modest improvement due mainly to the currency impact on revenue

Industry and business risks

- In addition to trading upside and downside, other risks include, but are not limited to, COVID-19 impacts on supply and demand, SAMR registration process timing and associated inventory transition, volume impact of price increases, cross border trade, foreign exchange movements, changes in interest rates and commodity prices, and changes in the regulatory environment. These risks could materially impact expected revenue and earnings outcomes



¹ New Zealand Dollar

FORMAL BUSINESS

DAVID HEARN



Notice of Annual Meeting and voting instructions



RESOLUTION 1 Auditor's Fees and Expenses

Ernst & Young, the current auditor of the Company, will be automatically reappointed under section 207T of the Companies Act 1993. Resolution 1 authorises the Directors to fix the fees and expenses of Ernst & Young as the Company's auditor in accordance with section 207S of the Companies Act 1993.

RESOLUTION 2 Election of Director – Sandra Yu

Sandra was appointed as a Director by the Board, under clause 17.2(a) of the Company's constitution, with effect from 1 March 2022. Sandra will retire from office at the meeting and offers herself for election as required by the Company's constitution and NZX Listing Rule 2.7.1.

The other members of the Board unanimously support Sandra's election.

The Board considers Sandra to be an Independent Director.

RESOLUTION 3 Election of Director – David Wang

David was appointed as a Director by the Board, under clause 17.2(a) of the Company's constitution, with effect from 1 September 2022. David will retire from office at the meeting and offers himself for election as required by the Company's constitution and NZX Listing Rule 2.7.1.

The other members of the Board unanimously support David's election.

The Board considers David to be an Independent Director.

RESOLUTION 4 Re-election of Director – Pip Greenwood

Under the Company's constitution and the NZX Listing Rules, a Director must not hold office (without re-election) past the third annual meeting following the Director's appointment or three years, whichever is longer. Accordingly, Pip Greenwood will retire from office at the meeting and offers herself for re-election.

The other members of the Board unanimously support Pip's re-election.

The Board considers Pip to be an Independent Director.

Item 1: Financial statements and reports

To receive and consider the Company's financial statements for the year ended 30 June 2022, together with the Directors' and Auditor's reports.



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Item 2: Auditor's Fees and Expenses (Resolution 1)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That the Directors of the Company be authorised to fix the fees and expenses of the Company’s auditor, Ernst & Young, for the ensuing year.”

Item 3: Election of Director – Sandra Yu (Resolution 2)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That Sandra Yu, who was appointed Director of the Company by the Board during the year, and who will retire at the meeting in accordance with the Company’s constitution, be elected as a Director of the Company.”



Item 4: Election of Director – David Wang (Resolution 3)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That David Wang, who was appointed Director of the Company by the Board during the year, and who will retire at the meeting in accordance with the Company’s constitution, be elected as a Director of the Company.”



Item 5: Re-election of Director – Pip Greenwood (Resolution 4)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"That Pip Greenwood, who will retire at the meeting by rotation in accordance with the Company's constitution, be re-elected as a Director of the Company."



QUESTIONS



CLOSE

DAVID HEARN

