

Slide 6: CEO's Address

CEO's Address

Thanks David. Good morning everyone, and thank you for joining us, particularly those here with us in Auckland today.

It's my great honour to be addressing you at my second Annual Meeting as your Managing Director and Chief Executive Officer.

Today I will start by providing an overview of the progress we have made in executing our strategy and improving performance, followed by last year's financial result, how we are tracking against our financial ambition and non-financial measures of success, as well as some updates since we reported our FY22 result. Finally, I'll conclude with an update on our outlook for FY23.

Slide 7: Significant progress implementing refreshed strategy and improving performance in FY22

My first slide summarises the key messages I want to convey today.

Firstly, the significant steps we took last calendar year to address excess IMF inventory are completed and have proven effective. Importantly, channel inventory is at target levels, product freshness is amongst the best in the industry and market pricing has improved.

The second key point is that there are tangible signs that our refreshed growth strategy is already having an impact. We're focused on capturing the full potential of the China market opportunity and have significantly increased our brand investment and improved our execution which has seen us achieve new highs in brand health and record market shares.

Our FY22 result was in line with our expectations delivering double-digit revenue and earnings growth. This was particularly pleasing given the market headwinds and specific challenges we faced during the year, including COVID-19 related demand and supply volatility.

This brings me to my fourth point which is that our outlook for FY23 is positive. We are expecting continued revenue and earnings growth in FY23 and, subject to current trading conditions and business momentum remaining favourable, we are on track to deliver on our medium-term financial ambition.

Importantly, there has also been significant renewal of our Executive Leadership Team which has a good mix of skills, experience, and diversity to lead our Company effectively going forward.

By way of updates since we reported our results in August, as many of you are aware, we recently commenced our on-market share buyback.

As expected, we received the renewal of our existing China label registration which was granted by SAMR in September and our new GB registration process is progressing.

The next key point is that in October we announced the renewal of our exclusive import and distribution arrangements with China State Farm for a term of five years from 1 October 2022.

From an innovation point of view, our new a2 Platinum® launch has been well received by the market and inventory transition will be completed in this half.

And finally, as many of you will be aware we also recently received FDA approval to supply IMF to the US under enforcement discretion which I will provide an update on at our interim results.

I'll come back to many of these points shortly, but overall it's been an extremely busy year, and whilst we still have a lot to do, I am pleased with progress on many fronts.

Slide 8: Return to growth after COVID-19 related disruption in FY21

Moving to Slide 8. I've referred back to this slide on a few occasions. It shows what an incredible growth journey the Company has been on.

This was disrupted in FY21 by COVID-19, but we returned to growth in FY22 which I'm sure you were pleased to see after such a challenging year in FY21.

Slide 9: FY22 result delivered double-digit revenue and earnings growth in a challenging market

Moving to the next slide. Our FY22 result was in line with our expectations delivering double digit growth in revenue and earnings.

Group revenue increased by almost 20%, or 11% excluding new revenue from the acquisition of Mataura Valley Milk (MVM), which occurred during the year.

EBITDA was up 59% and we delivered an EBITDA margin of 13.6%.

NPAT was up 42% to \$114.7 million including China Animal Husbandry Group's 25% non-controlling interest in MVM.

Backing out that non-controlling interest, which is a loss at MVM, our NPAT attributable to shareholders in a2MC was \$122.6 million for the year.

The Group result was driven by strong trading performance across all of our regions and product groups:

- China label IMF sales were up 12% with record high market shares in MBS and DOL
- English label IMF sales were up almost 12% as well with improved market share trajectory
- ANZ liquid milk sales recorded a modest improvement, also with record market share
- USA liquid milk sales were up 30% with record market share in the grocery channel
- And FY22 was our first year including MVM trading for 11 months of the year

There are several operational highlights we're also proud of.

Our brand health metrics reached new highs following significant investment during the year. We've ramped-up new product launches with more to come as we build our innovation pipeline. We deliberately shifted away from our main English label reseller to more transparent, performance-based and exclusive partners which is progressing well. At the same time, we've stepped up our direct engagement and marketing support in the Daigou channel. And importantly, we significantly increased our sustainability targets, initiatives and impact in many areas of the business, particularly with our electrification project at MVM powered by 100% renewable energy which is a first in New Zealand.

Slide 10: Key priorities of a2MC's refreshed growth strategy remain unchanged, with refinements to purpose and vision

Slide 10 shows our strategy on a page. We first shared this in October last year and a slightly updated version in August at our FY22 result.

Our key strategic priorities are to invest in people and planet leadership, capture the full potential of our China opportunity, ramp-up innovation, transform our supply chain and accelerate the path to profitability of our US and MVM businesses.

In a moment, I will provide an update on our performance against our strategic priorities and how we're tracking against our goals in People, Planet, Consumers and Shareholders.

Moving to the next slide.

Slide 11: Updated purpose and vision highlights the positive impact a2MC wants to have on the world, inspiring its team and partners

Following the completion of our strategy refresh in 2021 and following extensive engagement with our team, we also updated our purpose and vision for the Company which was shared at our FY22 result in August. Our purpose and vision is expressed on this slide and showcases the positive impact we want to have in the world.

- Our purpose is to “Pioneer the future of Dairy for good.”
- And our vision is to create “An A1-free world where Dairy nourishes all people and our planet.”

We're all excited about clarity and meaning of this purpose and vision and how specific it is to our Company. Our team is highly motivated by it and I hope that you, our shareholders, will be as well.

Slide 12: On track to achieve ambition to grow sales to \$2 billion and improve EBITDA margins over time

In order to build a more sustainable future, we need to continue to deliver financially. So, I'm pleased to show here, on slide 12, that we're on track to achieve our ambition to grow to \$2 billion in sales and improve our EBITDA margins over time.

In the chart on the left, you can see our FY21, 1H22 MAT and FY22 performance in sales and our medium-term ambition. You can also see our EBITDA margin for those periods, along with our medium-term EBITDA margin ambition in the teens.

The middle section in this slide is a reminder of the drivers to get to \$2 billion and where we are tracking for each. FY22 demonstrated solid progress toward that ambition, and the goal implies a 4-year revenue CAGR of 8.5% from FY22 if achieved by FY26.

Slide 13: Encouraging progress against our non-financial measures of success and key leading indicators

Slide 13 provides an overview of our performance against our non-financial measures of success.

Two key areas of focus in the middle relate to improving our brand health and market share particularly in China which I will share with you shortly. Otherwise, I won't go through this in depth now, but wanted you to know that the measures we announced in October last year, are the same measures we are tracking and are holding ourselves accountable to.

Slide 14: China brand health metrics reached new highs in FY22 supported by increased investment

Moving to slide 14, we increased our marketing investment significantly in FY22, investing \$182 million in China and \$230 million as a group. This was by far our largest single year of investment, reflecting our confidence in the brand, our improved execution and growth potential in China.

We were pleased to see this translate into strong brand health metrics, which reached new highs.

From January to July this year, our top-of-mind awareness increased from 6% to 9% and spontaneous awareness increased from 16% to 21%. These are significant improvements in key metrics within a short period of time and reflect the cut through our campaigns and always on activity are having in the market.

We continue to improve our marketing strategy and execution and intend to increase our brand investment further this year.

Slide 15: China label offline share increased in both Key&A and BCD cities

Moving to the next slide, our increased marketing investment and brand health metrics, along with our strong position in NKAs and recent focus on expansion into RKAs led to a significant increase in our China label offline share and sales.

Our overall national value share in mother and baby stores increased from 2.2% at the end of FY21 to 3.0% at the end of FY22 on an MAT basis. Our offline value share increased from 5.7% to 7.1% in Key&A cities and from 1.6% to 2.3% in BCD cities.

Slide 16: China label online share increased particularly in key platforms

Slide 16 highlights that our China label online share has increased, particularly in the key volume platforms being Tmall and JD.

The chart on the left shows that there was sales growth from distributors to platforms in volume terms, measured in tins. The chart in the middle shows that our value share in domestic online has grown to 2.5%. And the chart on the right shows our relative value shares in Tmall, at 2.2%, and JD, at 2.7%.

One of our strategic initiatives is to continue to accelerate our online growth by increasing our investment in digital marketing and ecommerce capability, whilst balancing online and offline growth and channel economics.

Slide 17: English label share improved in CBEC (2H22) and O2O with Daigou trajectory improving

Moving to our share position in English label. We've been consistent in showing you the 12-month MAT share for CBEC. And while our share has stabilised at 19.5%, if you look at it on a 6-month basis, it was 18.5% in the first half, but increased to 20.7% in the second half.

For Daigou in the middle chart, market share has declined again, but our trajectory improved in the second half. In 1H21 and 2H21 the decline was over 2%. This reduced in 2H22 to a less than a 1% decline and is showing signs of stabilising in this half.

Conversely, our share in O2O has improved recently to 19.5% in 2H22 as we increase our focus on this channel.

Slide 18: Significant renewal of Executive Leadership Team

Slide 18 provides an overview of our Executive Leadership Team which has undergone significant renewal over the past 18 months or so.

We have elevated key talent internally and complemented the team with experienced people from outside the Company to enhance our leadership and execution including team members with previous experience at Bellamy's, Danone and Yashili. Our most recent appointment of Chopin Zhang (ex Yashili and Danone) will be a critical enabler of our supply chain transformation as we build, acquire and develop our own manufacturing capability here in New Zealand and in China over time.

Slide 19: On-market share buyback commenced for up to \$150 million

Moving to slide 19, in August we announced our intention to execute an on-market share buyback of up to \$150 million. The buyback reflects our strong balance sheet position and improved confidence we have in our strategy and execution. To date, we have utilised approximately 13% of the \$150 million to acquire shares on market with a summary of activity to date provided on the slide. Our Chair commented on our approach to capital management up front so I won't elaborate further on this page.

Slide 20: China label new GB registration process progressing

On slide 20, we've provided an update on our new China GB registration process.

As anticipated, our current China label IMF product registration was renewed in September 2022.

This renewal allows Synlait to manufacture our current registered product up until the end of the grace period on 21 February 2023 after which the new GB standard applies. The current registered product manufactured up until this date is allowed to be sold in market after that date.

We have been working closely with Synlait for a considerable time on this project and engaging with SAMR. While the new GB registration process is progressing, timing is uncertain and subject to SAMR approval.

At this stage, it is anticipated that the new registration will be obtained in 2H23 and that we will transition to our new product in market in 1H24. I'll provide an update on progress at our interim results release in February.

Slide 21: Renewal of exclusive import and distribution arrangement with China State Farm Agribusiness

Moving to slide 21. In October we announced the renewal of our exclusive import and distribution arrangements with China State Farm for a term of five years from 1 October 2022.

China State Farm has been our strategic distribution partner in China since 2013 and we are extremely grateful for the strategic and operational support we receive from China State Farm.

In particular, I can't thank them enough for their support during the fourth quarter of last year during the Shanghai lockdown period which enabled us to continue doing business and gain share during this period. I look forward to continuing our partnership for many years to come.

Slide 22: Successful new a2 Platinum® launch

On slide 22, we are pleased to note that our new a2 Platinum® product has been successfully launched and is available through our Australian and New Zealand Retailers, Pharmacies and Daigou/Reseller Network and in China cross-border e-commerce (CBEC).

We have received positive feedback from customers and trade partners on our new product which is the first significant English label product update since launch back in 2014.

We have also recently completed the important 11:11 sale period in China and I'm pleased to report that we had a successful event. The market was highly competitive, and we were careful with our inventory levels and provided limited promotional support.

Early feedback from the major platforms indicates that we maintained or improved our rankings in EL and CL with volume up in EL and significantly up in CL on last year.

Importantly the platforms have cleared virtually all our old a2 Platinum® inventory and have been pricing the new a2 Platinum® at a premium versus old label product.

Separately, we are continuing to support our English label channels with direct Daigou and Reseller Network engagement to support selling activity in ANZ channels. This included two significant launch events for the product during September and October, plus additional product education and marketing support.

This was also complemented by a comprehensive China Brand Marketing campaign to drive consumer awareness in September.

Slide 23: Outlook for FY23 is positive with continued growth expected

Finally, I'm pleased to say that the outlook for FY23 is positive with continued growth expected.

Our underlying business performance is on track and broadly consistent with the guidance we provided on 29 August 2022. That said, volatility in currency has the potential to impact the shape of reported results.

The recent relative weakness of the New Zealand Dollar 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 interest income on term deposits.

Having regard to year-to-date currency movements, and should currency remain at prevailing levels for the remainder of FY23, full year revenue is likely to increase to low double-digit growth compared to previous guidance of high single-digit growth. We also reiterate our guidance that 1H23 growth (on 1H22) is expected to be significantly higher than 2H23 growth (on 2H22).

In this context 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 as a percentage 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.

This is of course subject to a number of industry and business risks as outlined on the slide here, and shareholders should be aware of these.

I'll finish up there.

Thank you very much for your time, and I hope you found my presentation helpful. I look forward to meeting many of you after the meeting and I'll now hand back to our Chair.