



ADAPTING
FOR GROWTH

2021 INVESTOR DAY

27 OCTOBER 2021

THE a2 MILK COMPANY LIMITED

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Glossary of terms

Acronym	Meaning
a2MC	The a2 Milk Company Limited
ANZ	Australia and New Zealand
ATL	Above the line marketing
ASP	Average selling price
AUD	Australian Dollar
AUS	Australia
B2C	Business to consumer
BCD	Lower tier cities in China
BHT	Brand Health Tracker
BTL	Below the line marketing
BU	Business unit
C2C	Consumer to consumer
CAHG	China Animal Husbandry Industry Co., Ltd.
CBEC	Cross-border e-commerce
CL	China label
CNADC	China National Agriculture Development Group Corp.
COGS	Cost of goods sold
CRM	Customer relationship management
CSFA	China State Farm Holdings Shanghai Co., Ltd.
DC	Distribution centre
DOL	Domestic online channel
DT	Distributor
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EC	E-commerce
EECA	Energy Efficiency and Conservation Authority
EL	English label
ERP	Enterprise resource planning

Acronym	Meaning
ESL	Extended shelf life
FX	Foreign exchange
FY	Financial year
GB	“Guo Biao”, national standards of China
GHG	Greenhouse gas
GIDI	Government Investment in Decarbonising Industry
GM	Gross margin
HCM	Human Capital Management
HK	Hong Kong
HPEB	High Pressure Electrode Boiler
IMF	Infant milk formula
IT	Information Technology
KA	Key accounts
Key&A	Upper tier cities in China
KG	Kilogram
LFL	Like-for-like
LKA	Local key accounts
MAT	Moving annual total
MBS	Mother & baby stores
MNC	Multinational corporation
MT	Modern trade
MVM	Mataura Valley Milk Company
M/S	Mainstream
ND	Numeric distribution
NKA	National key accounts
NPD	New product development
NPS	Net Promoter Score

Acronym	Meaning
NZD	New Zealand Dollar
NZX	New Zealand Exchange
O2O	Offline to online
P	Premium
POSM	Point of sales marketing
Q&A	Questions and answers
RKA	Regional key accounts
RMB	Official currency of China
ROI	Return on investment
RRP	Recommended retail price
RTM	Route-to-market
S1	Stage 1 infant milk formula
S2	Stage 2 infant milk formula
S3	Stage 3 infant milk formula
S4	Stage 4 infant milk formula
S&OP	Sales and operations planning
SAMR	State Administration for Market Regulation
SG	Smeaton Grange
SG&A	Selling, general and administrative expenses
SP	Super premium
TP	Taobao Partner
TRIFR	Total recordable injury frequency rate
UHT	Ultra-high-temperature treated milk
UP	Ultra premium
USD	United States Dollar
WD	Weighted Distribution
YoY	Year on Year

Objectives for today

- 1 Introduce The a2 Milk Company **Executive Leadership Team**
- 2 Provide **greater understanding** of our business
- 3 Share **latest insights** on our key **markets, categories and channels**
- 4 Outline our **ambition** and **revised growth strategy**
- 5 Provide an **opportunity for Q&A**



Executive leadership team introduction

Business leadership



David Bortolussi
Managing Director
and CEO



Kevin Bush
Executive General
Manager – ANZ



Xiao Li
Chief Executive –
Greater China



Bernard May
Chief Executive –
Mataura Valley Milk



Yohan Senaratne
Executive General
Manager –
International



Blake Waltrip
Chief Executive –
USA

Functional leadership



Amanda Hart
Chief People &
Culture Officer



Shareef Khan
Chief Operations
Officer



Eleanor Khor
Chief Strategy
Officer



Jaron McVicar
Chief Legal and
Sustainability Officer
& Company Secretary



Race Strauss
Chief Financial
Officer



Janelle Tong
Chief Marketing
Officer (Interim)

AGENDA

09.00 **Welcome**

09.05 **Strategic overview**

09.30 **Brand**

09.45 **Sustainability**

09.55 **People & Culture**

10.00 **China IMF market**

10.10 **China label**

10.40 **English label**

11.00 **Adjacent growth**

11.10 **Break**

11.25 **ANZ**

11.35 **USA**

11.45 **Mataura Valley Milk**

11.55 **Supply & Operations**

12.00 **Finance & IT**

12.10 **Q&A**

13.00 **Closing**

The a2 Milk Company overview



We enrich lives by harnessing the nutritional wonders of nature – through the naturally occurring *a2 Milk™* difference



Portfolio of *a2 Milk™* based products including fresh milk, UHT, ESL, IMF, milk powder and other nutritional products



Sales primarily in New Zealand, Australia, Greater China and North America



World class manufacturing facilities and international strategic partners in China and New Zealand



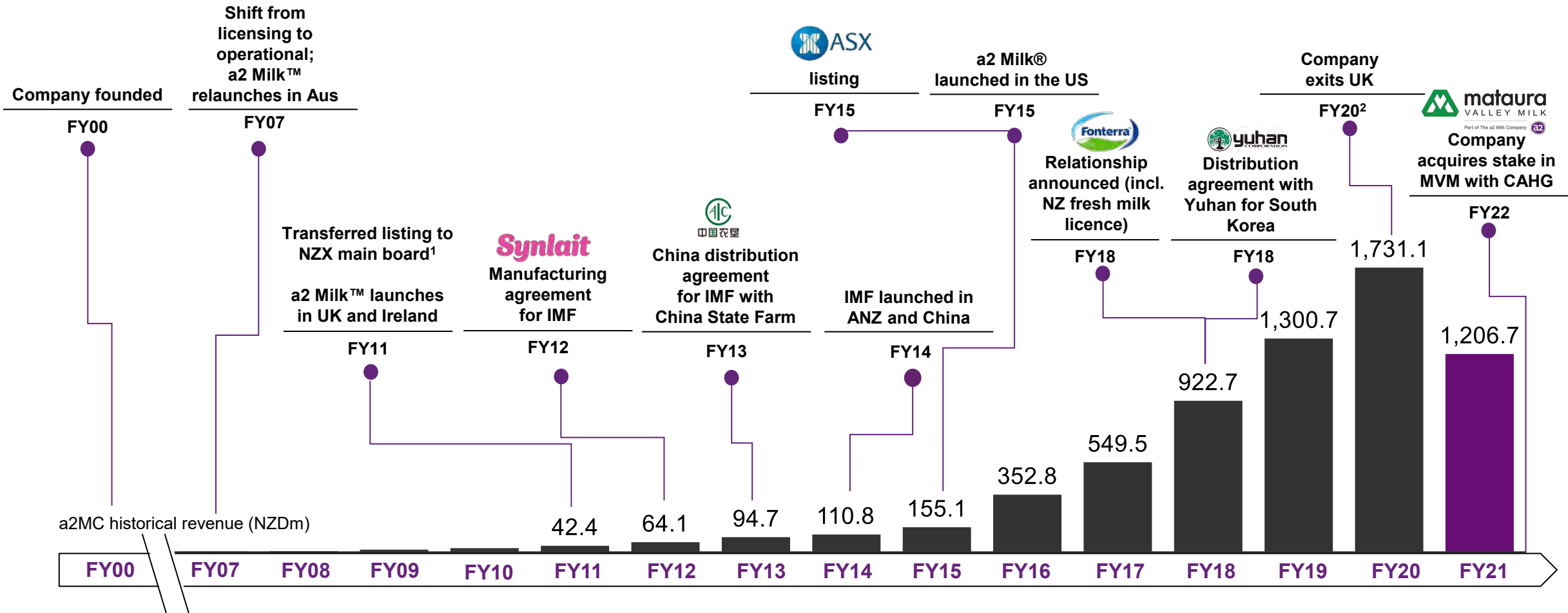
Over 400 talented team members around the globe



Revenue of NZD\$1.2 billion in FY21



a2MC has had an extraordinary journey which was disrupted in FY21



¹Listed on the NZX alternative market (NZAX) in 2004 and transferred listing to NZX main board in 2012; ² Revenue from continuing operations only

We have taken action to address the disruption

Issues disrupting a2MC in FY21

Cross-border trade was disrupted by COVID-19, creating substantial demand/supply volatility, which caused excess inventory, exacerbating the issue



As a result of this disruption, a2MC experienced a **significant decline in its English label IMF sales** through both daigou/reseller and e-commerce channels

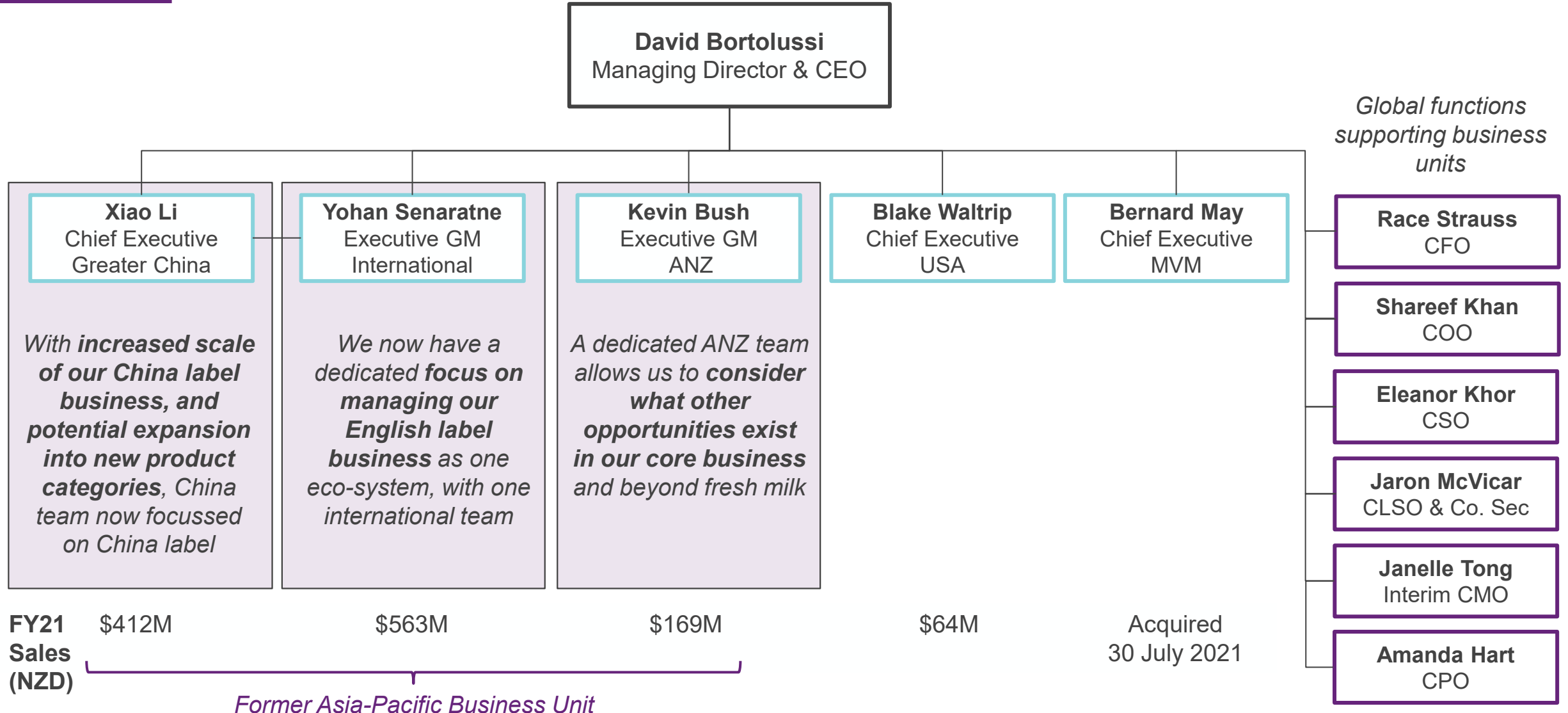


At the same time, **China infant nutrition market growth reduced significantly** from globally high rates to be flat in value terms and to decline in volume terms, a trend that became clear following China's release of 2020 birth numbers on 11 May 2021 which showed a reduction in the birth rate

Key actions we have taken

- **Recognised stock write-downs and deliberately slowed down sales in 4Q21**, together with other planned initiatives, to reduce inventory levels and rebalance English label IMF pricing across channels
- **Swapped older distributor inventory with more recent stock** to improve on-shelf product freshness
- **Increased brand investment** with a significant campaign in 4Q21 to drive consumer demand
- **Bolstered leadership team** with new internal and external talent
- **Reorganised our Asia-Pacific division** for enhanced focus on our key business opportunities
- **Refreshed our growth strategy** to realise the full potential of our business

We have reorganised to enhance focus on our key business opportunities



10 Note: Segment reporting based on geographic results where International sales are recorded in both the China and ANZ reporting segments
Source: a2MC internal data

We have undertaken a holistic review of our growth opportunities

Market

Continuing the journey to **focus on our China market opportunity** in particular

Brand

Reviewing our brand positioning to create continued distinctiveness amongst an evolving consumer base and new entrants in the category

Channel

Assessing our **route-to-market for English label IMF** and capturing the **full potential of our China label IMF** distribution in key channels






Product

Re-imagining our infant formula product portfolio in English label and China label to appeal to a broader set of consumers and maximise distribution potential

Adjacencies

Outside our core, we are also considering opportunities for **adjacent category growth in China, ANZ and USA** as well as assessing opportunities in new emerging markets

We have adapted our a2MC growth strategy

Purpose	To enrich lives by harnessing the nutritional wonders of nature					
Ambition	Rebuild a2MC into an exciting, innovative and sustainable growth company					
Goals	People Create the safest and most diverse, inclusive and engaging place for our people to thrive	Sustainability Support our farmers, protect our planet and cows, rethink packaging and contribute to our communities	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 <ul style="list-style-type: none"> Invest in our people to enable them to thrive Take direct action to lead the industry in GHG emissions reduction and farming practices 	2 Capture full potential in China IMF <ul style="list-style-type: none"> Gain more control over CL and EL distribution and get closer to our consumer Increase investment in our brand, digital marketing and E-comm 	3 Ramp-up product innovation <ul style="list-style-type: none"> Expand our CL and EL IMF product portfolios Enter adjacent product categories in relevant markets to drive growth 	4 Transform our supply chain <ul style="list-style-type: none"> Expand CL registered market access Utilise MVM capability Develop China supply capability over time 	5 Accelerate path to profitability <ul style="list-style-type: none"> Take action to realise potential in USA Expedite insourcing and 3rd party volume to significantly increase MVM utilisation 	
Enablers	Brand strength		Science & innovation	Strategic relationships		Capability development
Values	 Bold Passion	 Pioneering spirit	 Humility	 Respect	 Integrity	

Our strategy is designed to drive growth across multiple horizons

	FY22	FY23-24	FY25-26
	<i>Stabilise and reset strategy</i>	<i>Full scale roll-out of growth & other initiatives</i>	<i>Deliver “next wave” growth from innovation and supply chain transformation</i>
Strategic priorities	<ul style="list-style-type: none"> Restore demand & supply balance and attractive channel economics Stabilise EL IMF decline Commence CL in-market growth initiative pilots Focus on new user recruitment and Stage 4 penetration Invest in content generation and always-on brand comms 	<ul style="list-style-type: none"> Launch new GB std. CL range and roll-out distribution initiatives Innovate in EL IMF and increase control of distribution Scale innovation in USA Innovate in ANZ core & adjacencies Implement MVM electrification Deliver more sustainable packaging 	<ul style="list-style-type: none"> Expand CL product portfolio with additional registrations Scale adjacent categories Achieve profitability in USA and MVM businesses Grow 2-3 new emerging markets Operationalise China supply capability Achieve meaningful progress on Scope 1 & 2 GHG emissions reduction
Enablers	<ul style="list-style-type: none"> Refresh strategic priorities and execution plan Review China brand positioning Ramp-up innovation focus 	<ul style="list-style-type: none"> Invest further in digital marketing and E-comm capability Increase investment in brand Implement IT and data roadmap 	<ul style="list-style-type: none"> Create rolling innovation pipeline Leverage next level scientific research
	<i>Explore opportunities to accelerate strategy execution through M&A, JV and alliances</i>		

We are focused on five key non-financial measures of success over time

People

1

Safety TRIFR <10
with continuous
improvement

Engagement >80%

Diversity and
inclusion rated >4
out of 5 by team

Sustainability

2

GHG emissions
reduction
- Scope 1+2 net zero
by 2030
- Scope 3 net zero
by 2040

100% completion of
Farm Environmental
Plans and Certified
Animal Welfare
Programs

100% reusable,
recyclable or
compostable
packaging with 50%
average recycled
content

Brand health

3

China unprompted
awareness >25%

Australian fresh milk
loyalty >40%

USA household
penetration >10%
in premium milk

Market share

4

Top-5 CL IMF player
with share >5%

Leading EL IMF
range with share
>25%

Australian fresh milk
share >15%

USA premium milk
share >5%

Incremental \$100m
revenue from existing
and new emerging
markets

Innovation

5

Access to ≥3 CL
registrations

Expanded EL IMF
portfolio

Incremental \$200m in
revenue from dairy
and other nutritionals
to China

>25% of sales from
new products in
Australia and USA

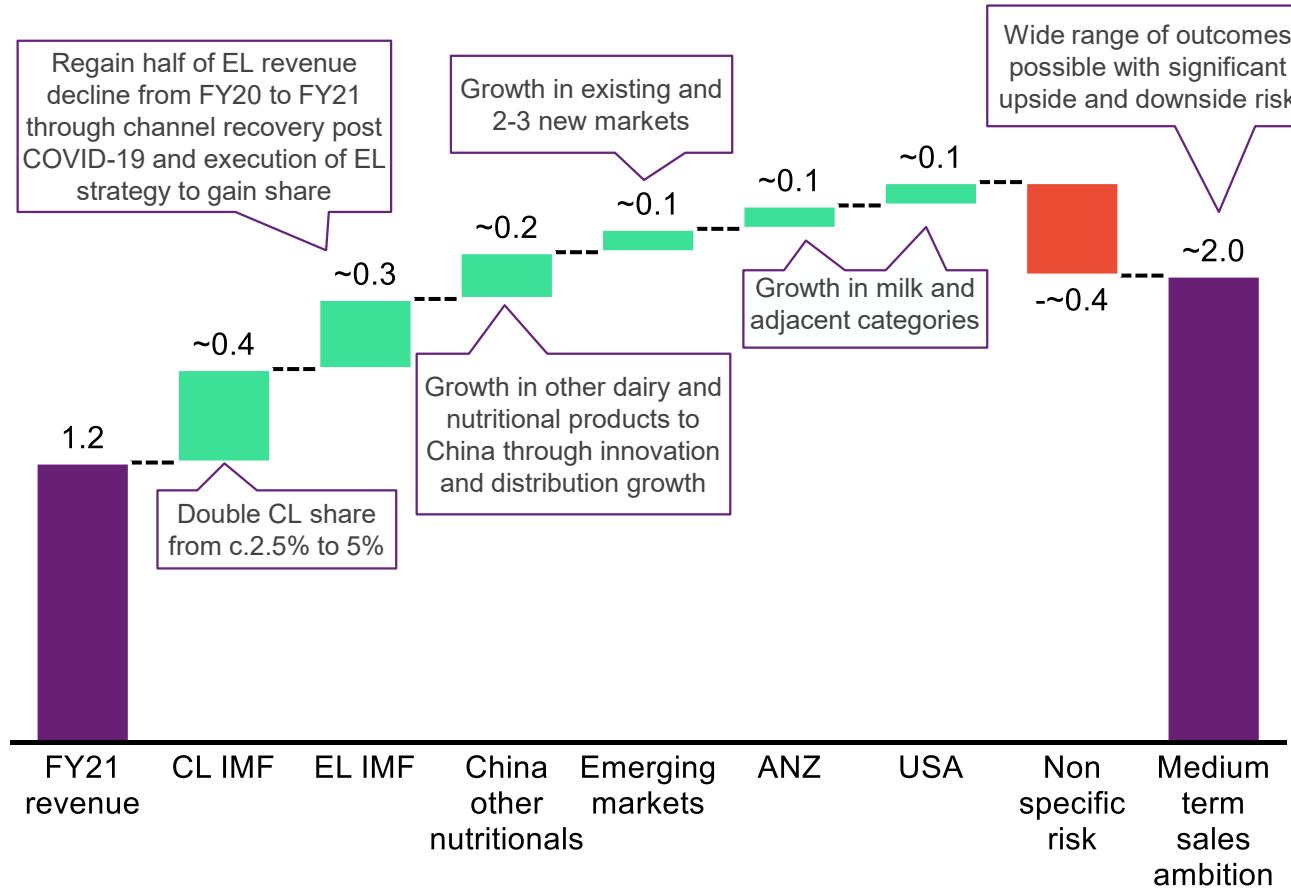
Defining a specific timeline to achieve our financial goals is challenging

- The pace and degree of change in the China IMF market over the past 12 months is truly unprecedented – including from the prolonged COVID-19 impact and the reduction in the number of Chinese newborns
- There are key macro uncertainties impacting the future outlook, including:
 - How the China birth rate will evolve and the impact policy changes may have on this
 - The extent and pace of recovery in cross-border trade post COVID-19
 - How the competitive landscape will evolve in China including the outcome of the new GB registration process
 - The extent and pace of change in consumer product and channel preferences
 - How the China regulatory framework and international relations may evolve and impact trade
- Because of these uncertainties and the range of potential outcomes, it is very difficult to define future state targets and when they will be achieved – the path is also unlikely to be linear
- However, we remain confident that with our unique brand proposition, coupled with our team's ability to execute, we are well placed to rebuild a2MC into an exciting, innovative and sustainable growth company

Notwithstanding, we have an ambition to grow sales to over NZD\$2 billion

Medium-term indicative sales ambition (≥ 5 years)

a2MC future state revenue ambition (B, NZD)



EBITDA margin dynamics

Indicative range

- IMF sales, particularly EL, key driver of upside/downside risk
- Target margins probably in the “teens” in the medium term due to expected market conditions, investment and innovation
- Target margins possibly in the “low-to-mid 20s” in the medium-to-long term subject to higher than expected market recovery, EL channel growth and share gains

Key accretion drivers

- Operational leverage impact of share growth, cross-border trade recovery and/or increase in China birth rate
- Mix impact on delivered margin (EL > CL > ANZ > USA)
- Mitigation of USA losses and path to profitability
- Nutritionals insourcing margin capture by MVM
- Pricing, promotional activity, trading terms and FX

Key dilution pressures

- Operational de-leverage impact of China IMF market headwinds and regulatory risks
- Mix impact on delivered margin (EL > CL > ANZ > USA)
- Increasing brand reinvestment rate and margin pressure in China as competition intensifies
- Innovation, reformulation and FX impact on margin
- Supply chain transformation period
- Investment in capability and sustainability

Key messages for today

- The market landscape has experienced **unprecedented change over the past 12 months**, requiring us to adapt
- As a result, we have **adapted our growth strategy** to achieve the full potential of our business
- Importantly, our **brand is strong**, we have a relatively small share in China IMF and **significant opportunity** to capture
- We have **reorganised to prioritise** our most important growth levers and have a clear plan to execute
- We have a **great leadership team and pioneering culture** to lead the execution





BRAND

Janelle Tong (Chief Marketing Officer, Interim)

How it began...

- **The a2 Milk Company was founded in New Zealand by two passionate pioneers – scientist Dr Corrie McLachlan and his business partner, Howard Paterson – who recognised that not all milk is the same**
- Early scientific research revealed that there was a **difference between beta casein proteins in cows' milk** with predominantly two types – A1 and A2 – and McLachlan discovered there was a safe and simple way to identify cows that produced milk that was naturally A1-protein free. **From there The a2 Milk Company was born**
- Since then we have worked alongside scientists from around the world to **pioneer the scientific understanding of the unique benefits of A1-protein free milk** and bring true benefits to our consumers
- **To this day our purpose remains the same, to enrich lives by harnessing the nutritional wonders of nature – through the naturally occurring a2 Milk™ difference**



Our founders' sense of purpose continues to exist today

*Howard Paterson's contribution to the company was not merely that he....persuaded many of us to invest in the A2 story. **Equally important were Howard's boundless enthusiasm and his unshaking belief that A2 Corporation Limited...was also a company that was destined to do good for human health globally***

Annual Report 2003

Our brand proposition

Our a2 Milk™ comes from cows specially selected to naturally produce milk with only the A2 beta-casein protein type.

Many people say they can feel the difference



Our proposition has enabled us to build a leading position in market

Pioneer, innovator and leader in understanding the unique benefits of a2 Milk™ (single-minded focus)

Premium and high quality product and brand experience

Pure and natural dairy with superior taste and country provenance

Aspirational and progressive values and lifestyle positioning



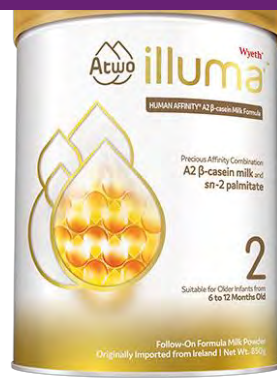
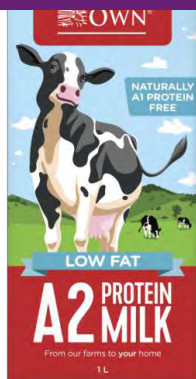
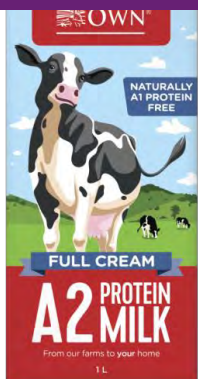
We have maintained this leadership despite multiple challengers



Only The a2 Milk Company...



...is dedicated exclusively to the A2-protein difference



Our brand foundations have been built on three main areas



**Underpinned by
developing science**



**Advocated
by others**



**Celebrated
by us**

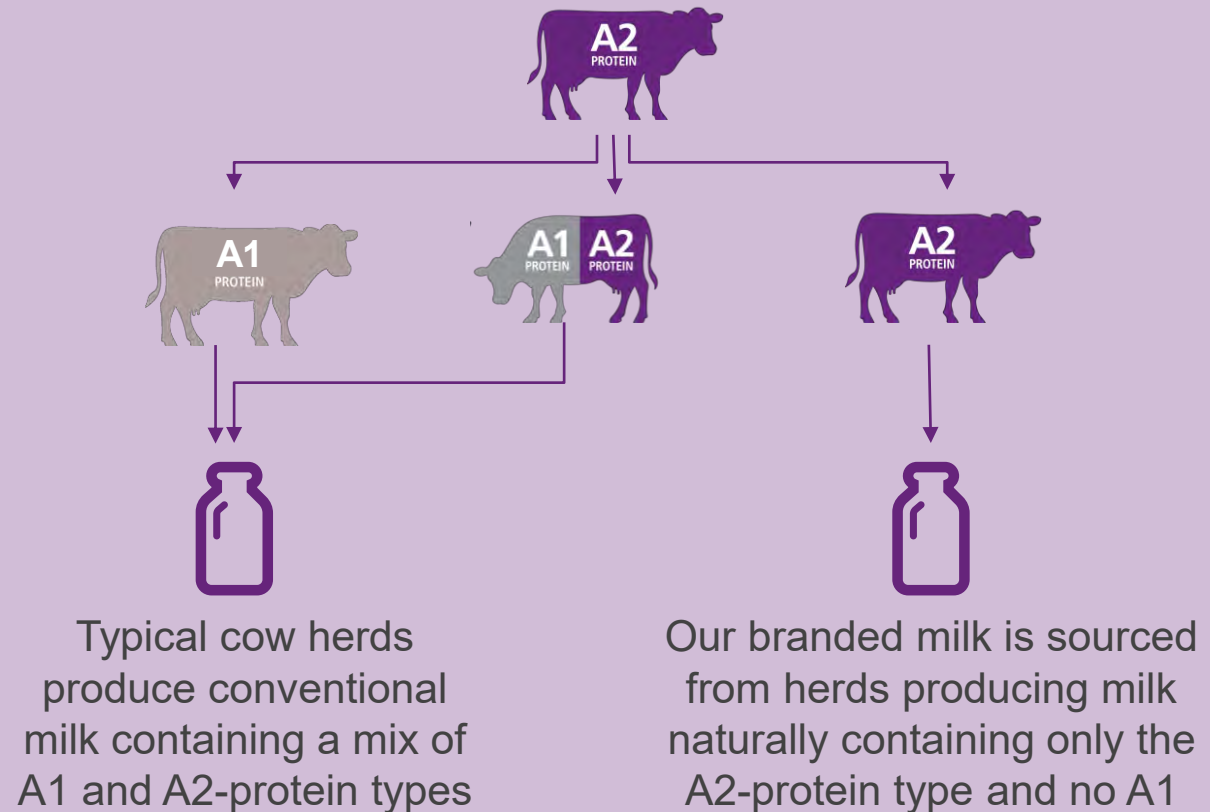
The a2 Milk™ difference goes beyond the selection of a cow

The a2 Milk™ difference

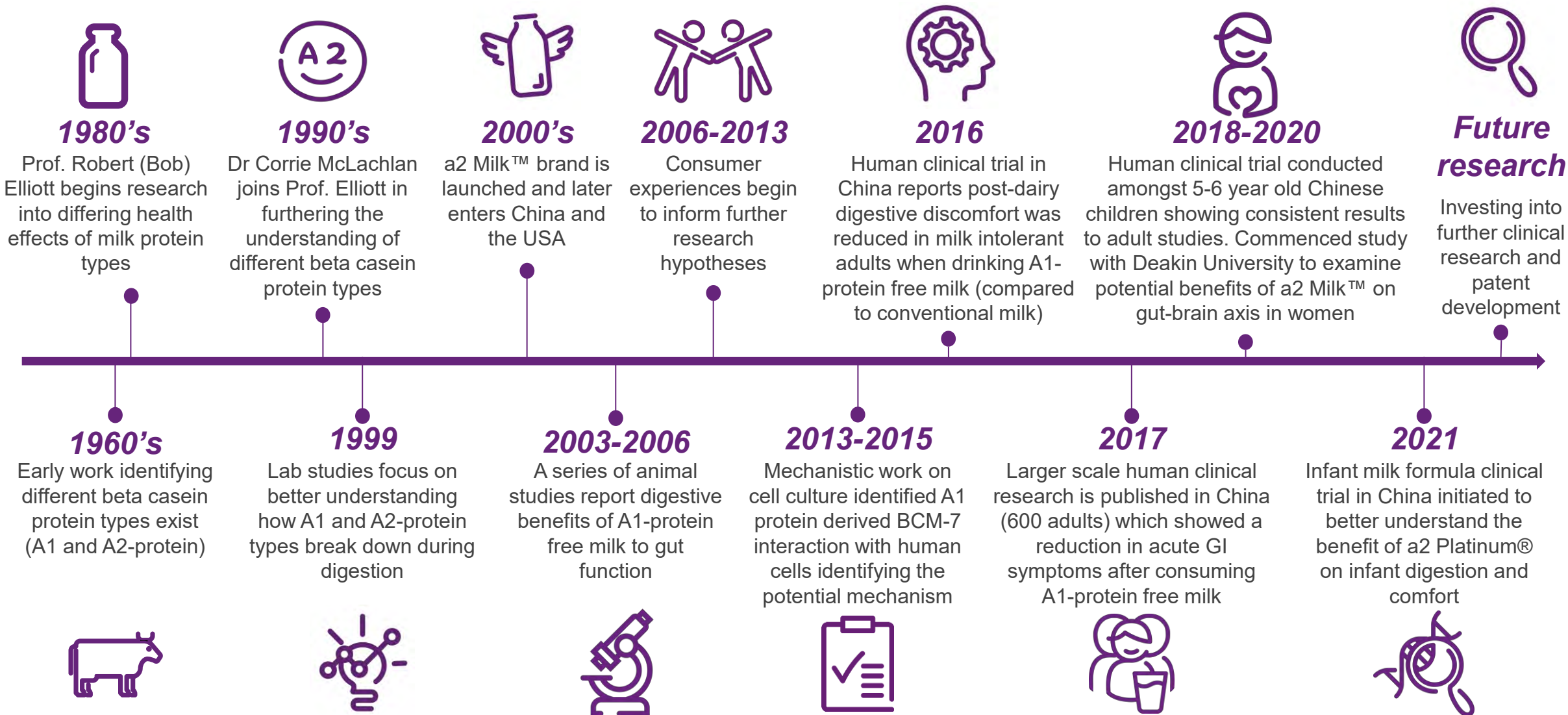
The difference starts with selecting the right cow...

...but it doesn't stop there; **The a2 Milk Company also applies expertise, proprietary know-how and care to deliver consistently high quality across all our products**

Our process



We continue to invest in further understanding the a2 Milk™ difference



Our products create a positive wave of advocacy

“This Milk is great!!! If you like milk but can't drink regular milk....you really need to try this.... ”

Noelle (USA)



“Completely changed my stomach problems, since using a2 Milk™ never been better”

Wendy (Australia)



“a2™ makes my tummy happier than regular milk!!”

Michelle (USA)

“I considered myself lactose intolerant for a long time, but I felt well after drinking a2 Milk™ by accident. Now I've decided to purchase it regularly, and it turns out that I'm not intolerant to lactose but to A1 BCM-7 instead”

YiyiTiara (China)



Our brand naturally sits at the heart of macro consumer trends



NATURAL & WHOLEFOOD REVOLUTION

Increasing demand for **“real” wholefood goodness**, minimally processed, “clean” label and transparency



PROACTIVE WELLNESS

Consumers are proactively addressing their **health in a holistic and personalised way** with tailored products that meet physical needs



RISE OF PROTEIN POWER

Protein is consumers' short-cut super-hero, shifting beyond quantity and into quality and optimal protein types



AWARENESS OF GUT-HEALTH IMPORTANCE

Increased awareness of gut-immune health has triggered **demand for “digestion” solutions to protect consumer health and wellness**



PURPOSE-DRIVEN BRANDS

Consumers now look beyond “what” a brand does to “why” it exists, with an expectation that brands will stand for something “more” than functional benefits

We deeply understand our consumers and their needs



We have consistently invested in and celebrated our brand in positive and uplifting ways in advertising



We will continue to go beyond “A2” to drive a more purposeful brand



Sustainability from farm to consumer



Processing innovation to eliminate waste



Smarter recyclable packaging



Playing a bigger role in our community

SUSTAINABILITY

Jaron McVicar (Chief Legal, Sustainability Officer & Co.Sec)

Our sustainability program has evolved significantly including updated commitments to achieve net zero by 2030 for Scope 1 & 2 and by 2040 for Scope 3

Our purpose

To enrich lives by harnessing the nutritional wonders of nature


Our focus

Our targets & commitments

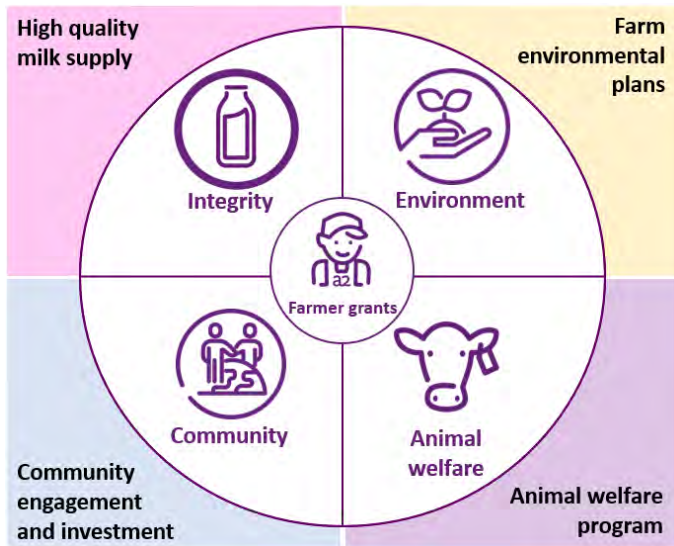
Our programs

	Supporting OUR PEOPLE, consumers and communities to be healthy and safe to thrive			Protecting nature and THE PLANET for future generations utilising The a2 Impact Fund™			
	Passionate people	Quality nutrition	Enriching communities	Thriving farms	Climate impact & natural resources	Sustainable packaging	Responsible sourcing & distribution
	Safety TRIFR < 10 Engagement > 80% A minimum of 40% women and 40% men in leadership positions Sustainability Champions at all worksites	Highest quality products with the A2-protein difference from the A2-protein pioneers Relentless focus on product quality & safety	Enriching community wellbeing	Farm environmental plans for 100% of farms by 2023 Certified animal welfare program for 100% of farms by 2023	Scope 1 & 2 net zero 2030; Scope 3 2040 Reviewing water, waste and biodiversity measures	Aligned to APCO targets for products sold in all markets	Committed to the principles of Modern Slavery Act Responsible sourcing
	Safety and wellbeing Human Synergistics Culture Amp Employee & sustainability committee	Scientific research Innovation and new product development stage and gate Quality systems	Community engagement and investment through key partnerships across our markets	Farm environmental plans Animal welfare On-farm pilot / research	GHG emissions reduction Water, waste and biodiversity Climate risk and opportunities	Sustainable packaging roadmap and action plan	Responsible sourcing & distribution roadmap and action plan
All underpinned by the highest standards of governance and doing business the right way							

We are supporting the role our farmers play in our supply chain



Our holistic approach to assist farms and farmers to thrive





Farm environmental plans

Plans developed to:

- Lower GHG emissions
- Manage water quality and efficiency
- Manage soil quality
- Boost on-farm biodiversity
- Improve nutrient (effluent) management

Target

100% of farms supplying raw A1-protein free milk to have a farm environmental plan in place by the end of 2023



Animal welfare program

Program designed to:

- Meet globally recognised standards set by the World Organisation for Animal Health and uphold the Five Freedoms framework for animal welfare
- Our approach is to drive improvement, reduce risk and ensure farmers are welfare centric – this is achieved through the combination of increased audits, wider audit scope, milk monitoring, on-farm technology and training

Target

100% of farms to be certified under an upgraded program by the end of 2023

We are investing to significantly reduce our GHG emissions



New High Pressure Electrode Boiler

- New Zealand's first High Pressure Electrode Boiler (HPEB) will replace all current coal-fired heat duties on the MVM site by October 2023
- HPEB is a clean and 100% renewable energy alternative which will reduce MVM's processing emissions to almost zero
- Co-funding from the New Zealand Government Investment in Decarbonising Industry (GIDI) Fund, which is administered by EECA (the Energy Efficiency and Conservation Authority)
- Project total capital expenditure: NZD16.3 million



Boiler conversion to biomass

- Boiler 2 at Dunsandel will be converted from coal-fired to biomass
- Wood pellets are a more sustainable fuel than coal and will significantly reduce carbon emissions at the Dunsandel site
- Co-funding from the New Zealand GIDI Fund
- a2MC contribution of NZD1.2 million



We are committed to making a meaningful change in our packaging



Progress in sustainable packaging

- Continue to investigate and look towards innovative packaging design for sustainable solutions
- Operationalise sustainable packaging initiatives within our supply chain
- Target setting for products sold outside of Australia



Committed to Australia's 2025 National Packaging Targets

100%

Reusable, recyclable, or compostable packaging

70%

Plastic packaging being recycled or composted

50%

Average recycled content, included in packaging¹ (revised from 30% in 2020)



Phase out of the problematic and unnecessary single-use plastics packaging



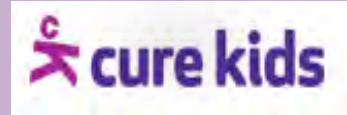
We support the communities in which we operate



FOODBANK

- Supported Foodbank since 2015
- FY21 became a Foodbank National Donor Partner
- FY22 sponsorship of their School Breakfast Program

240,219kgs of product donations to people in need in FY21 equivalent to 432,830 meals



CURE KIDS

- Supported Cure Kids over the past two years to research digestive health for children, with a special focus on coeliac disease and irritable bowel disease

\$200k donated to Cure Kids towards research



FEED THE CHILDREN

- Supported Feed the Children to give struggling families the supplies they need to send their kids back to school with confidence

10% of every carton of a2 Milk® purchased, up to \$100k, was donated to Feed the Children



MORE GOOD FOR RURAL SCHOOLS

- Partnered with rural schools in China and Guangming Daily to support school children with nutrition stations to help drive better educational outcomes

Product donations and customised health care plans for families and their children

Providing disaster relief support in our communities including:

NZD1M donation to assist in the development of a COVID-19 vaccine and AUD350K donation to support the Bushfire Relief



PEOPLE & CULTURE

Amanda Hart (Chief People Officer)

Our team is powered by its purpose

OUR PURPOSE

We enrich lives by harnessing the nutritional wonders of nature

OUR VALUES



Bold passion

Driven to realise our amazing potential as a Company and individuals



Pioneering spirit

Unconventional open-minded thinking that re-imagines the possibility, outcome driven



Humility

We're never done growing and discovering and we have a willingness to continually iterate and learn



Respect

Seek to understand difference in all its forms



Integrity

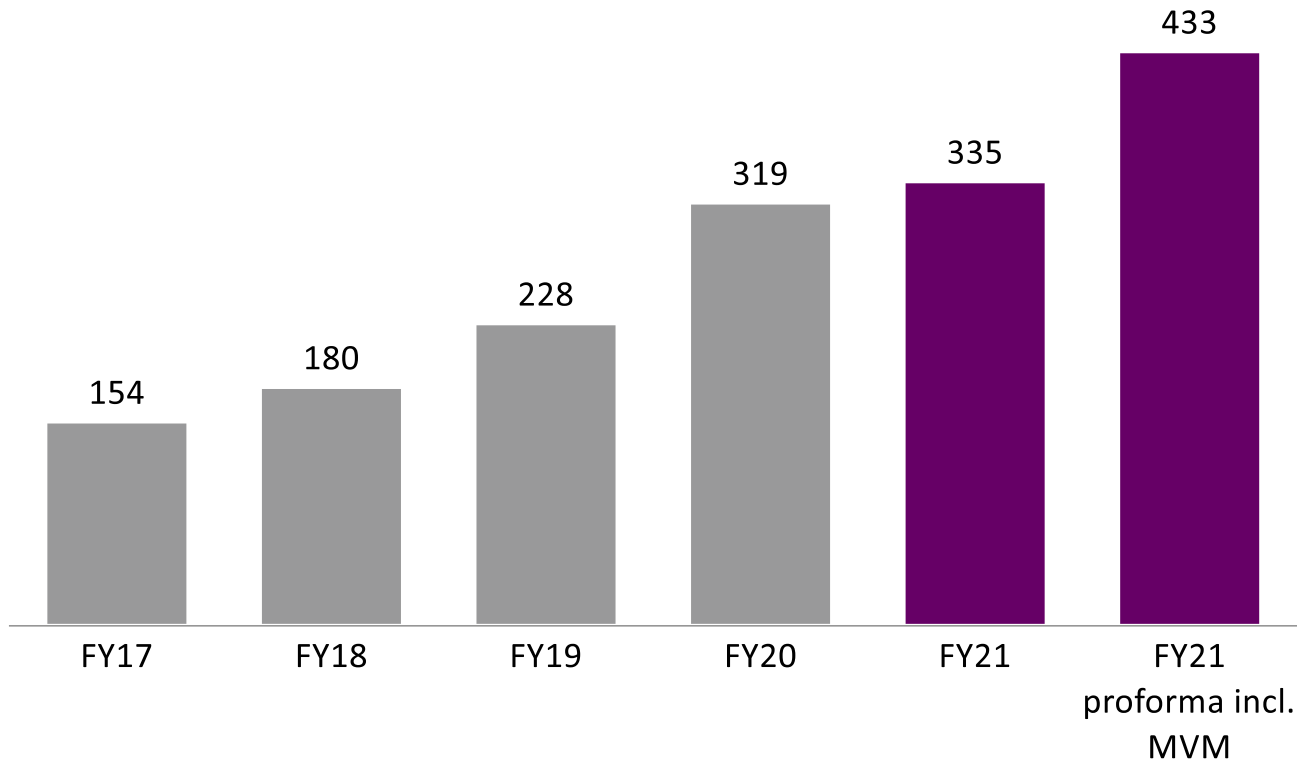
Do the right thing for our consumers, partners, people... and our cows



We have held onto this, whilst scaling for growth

We have more than doubled our relatively small team over the past five years

Total employee headcount



We have retained existing teams whilst introducing new talent



“I’m passionate about working for The a2 Milk Company because I really am making a difference. We not only change the lives of our consumers but we also change the lives of our farmers, adding value back into dairy.”
Russel Ebel, National Field Sales Manager – Australia (15 years)



“The a2 Milk Company is a place where I can be an integral part of building an innovative and game changing brand.”
Carly Hofstedt, Senior Manager, Innovation – US (4 years)



“I am most impressed by the passionate, driven and motivated people who have come together to deliver on our shared a2 vision.”
John Zhang, Head of Legal and Compliance – China (2 years)

Our strategy is to attract passionate people, provide opportunities for them to grow and maintain an environment which celebrates diversity and inclusion

Our People Strategy

- **Harness the substantial passion people bring to The a2 Milk Company** into opportunities for our team to grow with the business to achieve their potential
- **Continue to treat each member of our small team as an extension of our own families**, maintaining the highest health and safety standards so that everyone goes home each night safe and well
- **Build on the natural energy that comes with working at The a2 Milk Company** and promote an environment that allows people to thrive personally and professionally
- **Leverage the unique attributes of working at a big “small” company**, including through accelerated learning, development and leadership opportunities
- **Celebrate diversity in all its forms, create an environment of inclusion** and in doing so, continue to attract and retain the highest quality talent





CHINA IMF MARKET

Eleanor Khor (Chief Strategy Officer)

Summary of key messages

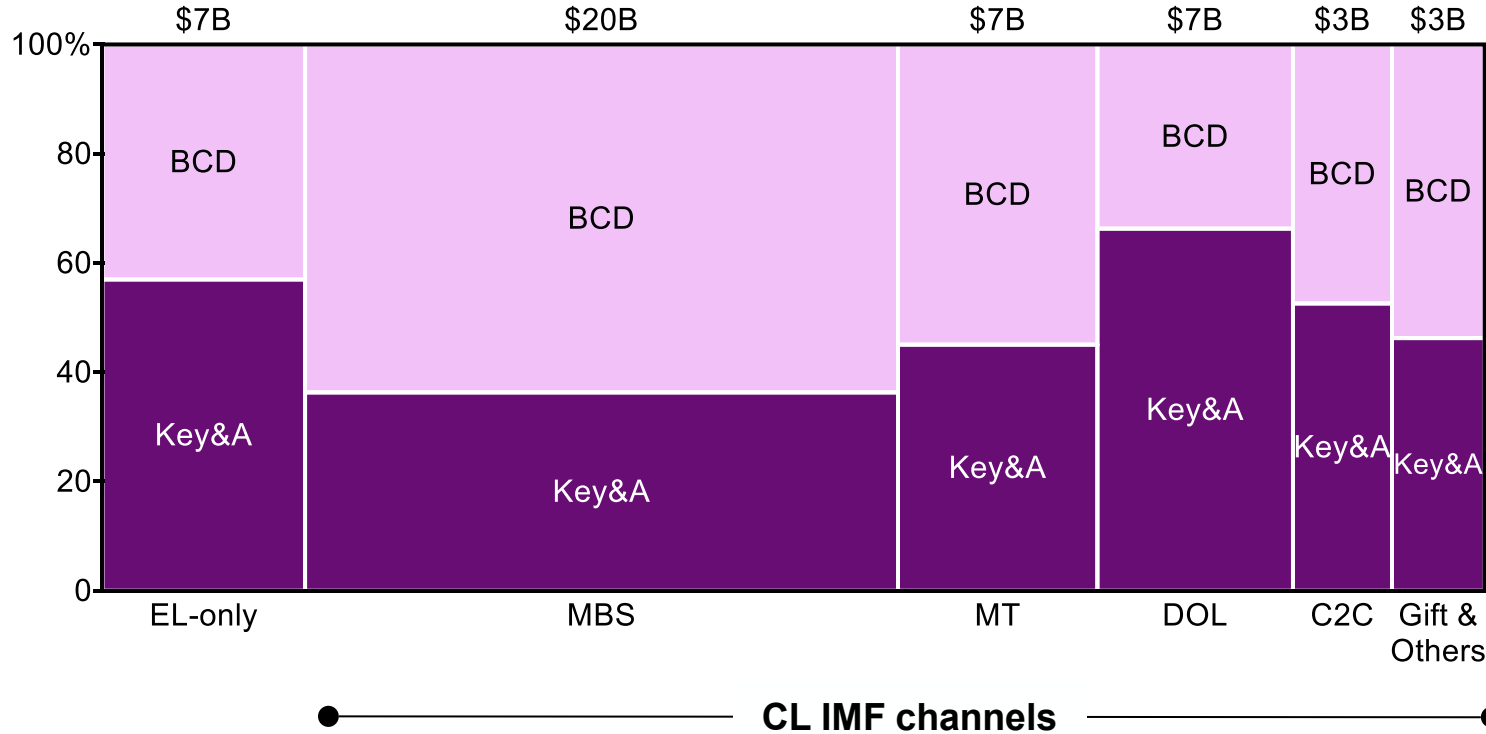
- 1 While the China IMF market remains the largest and most attractive in the world, FY21 marked an inflection point where volume growth started to decline**
- 2 With declining volumes, retail pricing is also now under pressure, as premiumisation through price band trade-up is not enough to offset ASP decline**
- 3 Making conditions even more challenging is the fact that consumers are no longer actively prioritising international brands.** Instead, consumers are looking for brands that resonate, and local competitors are more effectively connecting with consumers in their home market than MNCs
- 4 This is potentially unsurprising given the speed at which the consumer landscape is evolving.** Generations are getting “shorter” and the market is now made up of mostly post-90s mums with very different attitudes and behaviours
- 5 Regulatory environment** remains a watching brief and anticipated to change more rapidly

The China IMF market is the largest and most attractive in the world

Estimated China IMF market retail value sales (FY21)

Estimated China IMF market size (FY21 retail value sales)

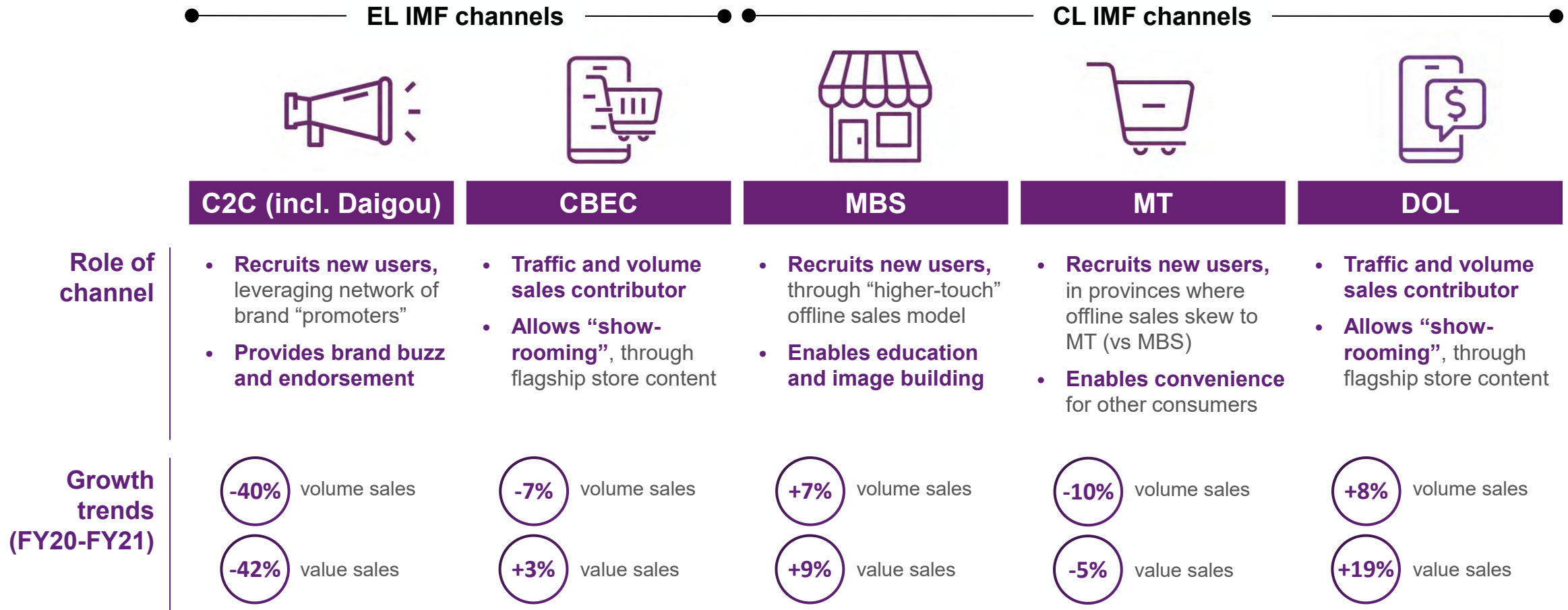
Total: NZD 47B



Commentary

- **China is the biggest, most premium IMF market in the world**
 - China has a huge population with a strong desire for high quality, premium nutrition for their children
 - In addition, Chinese children tend to use IMF for longer, staying on Stage 3 for ~20 months. In contrast, while Europeans have relatively high retail price points, children quickly switch from IMF to other foods
- **The competitive landscape in China is fragmented, creating opportunity for brands that resonate with consumers**
 - China is a uniquely fragmented market with the top 5 brands representing ~45% of the market
 - In addition, consumers in China are generally more open to trying new brands, creating a path to growth for brands that can connect with consumers

IMF channels are experiencing very different growth trends



Source:

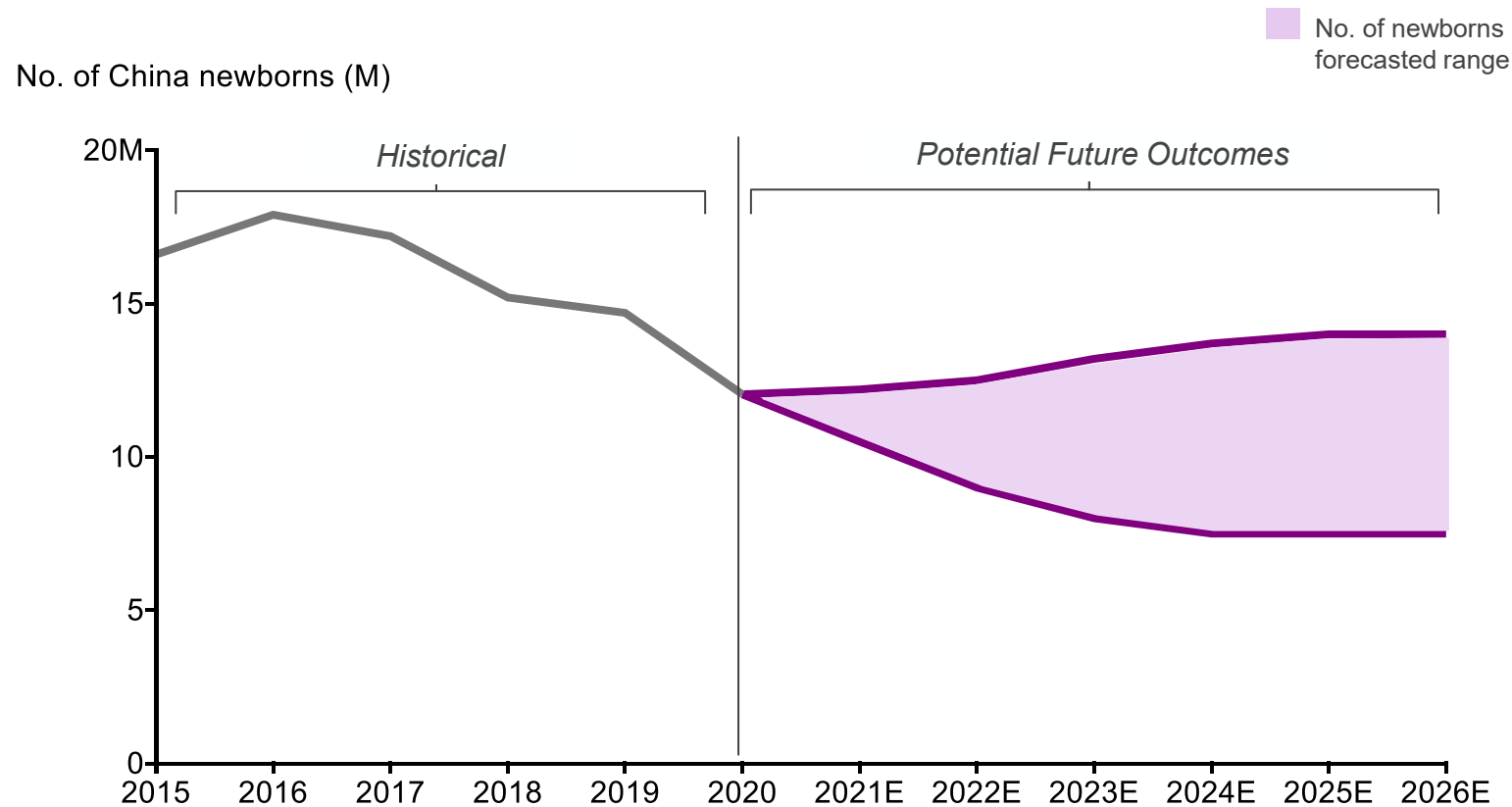
For C2C/Daigou and MT channels: Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities)

For CBEC and DOL channels: Smartpath China IMF online market tracking: domestic online and cross-border platform sales (by value and volume)

For MBS: Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value and volume)

IMF market volumes impacted by decline in newborns, which should partly recover over time

Number of newborns in China has declined and future is uncertain



Commentary

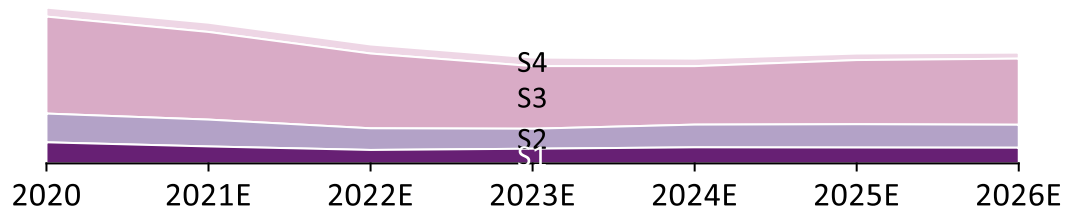
- The number of newborns in China has declined, primarily due to changing socio-demographics
- Further pressure on the birth rate is anticipated in the near term, following COVID-19 impact and earlier advice relating to pregnancy and vaccination, followed by some recovery in the birth rate
- Longer term birth rate may recover following the introduction of the 3rd child policy and the potential for further measures to stimulate the birth rate which are likely to have a positive impact

IMF market will skew to BCD cities, in line with the number of newborns

/ ILLUSTRATIVE

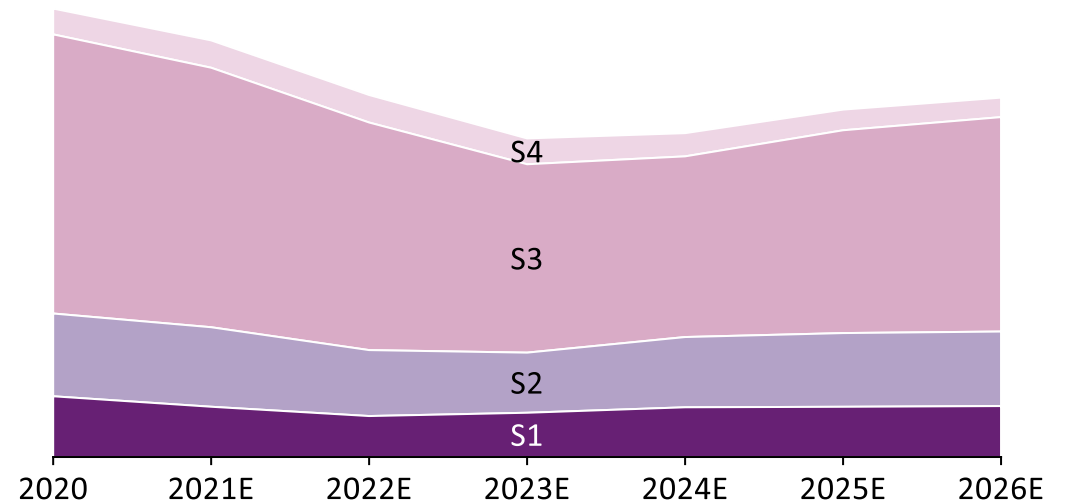
Key/A city market outlook subdued

Volume by stage/ mn tins (by calendar year)



BCD city market supported by higher birth rate

Volume by stage/ mn tins (by calendar year)

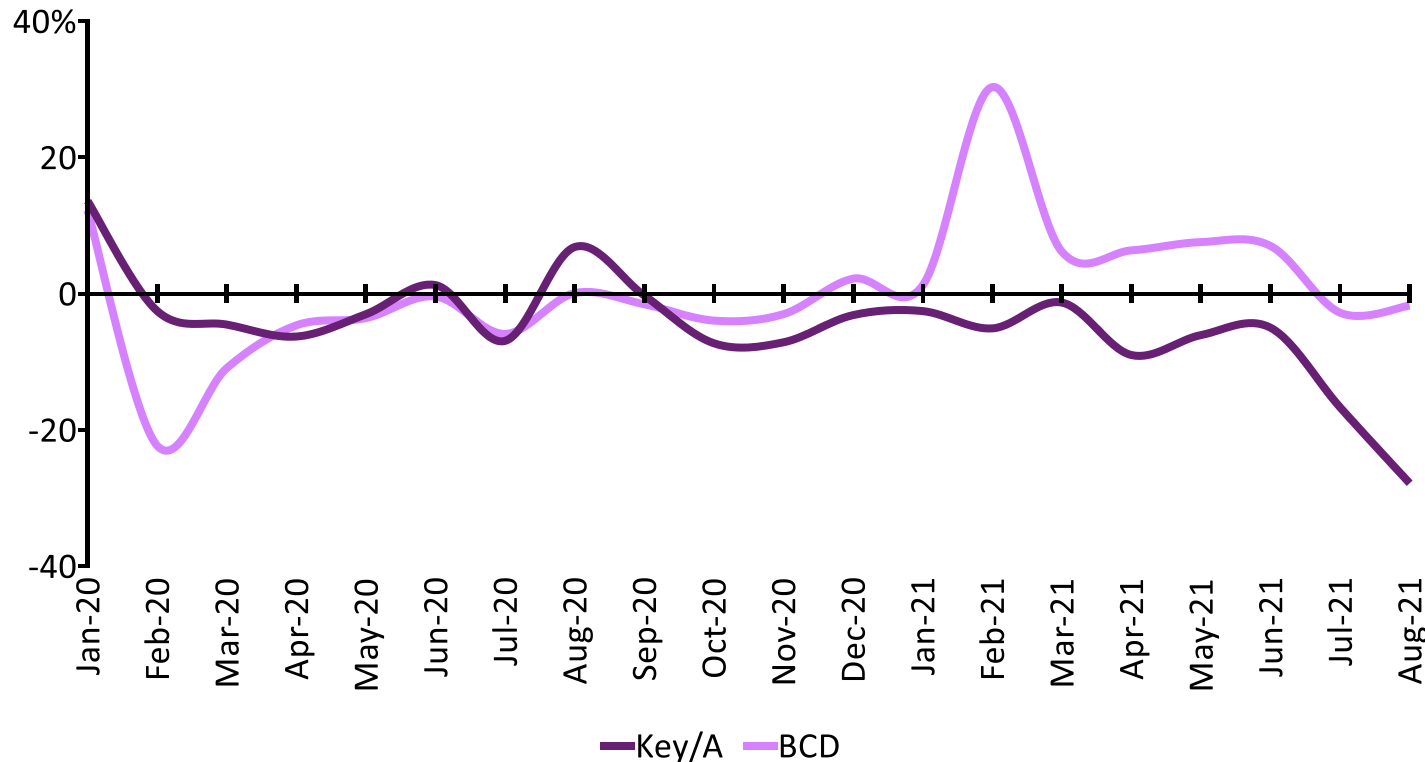


Note: Market includes S1-S4

We are already seeing diverging Stage 1 growth rates in Key/A vs BCD cities

Key/A and BCD cities MBS monthly Stage 1 value growth vs pcp

Monthly Stage 1 value growth vs pcp

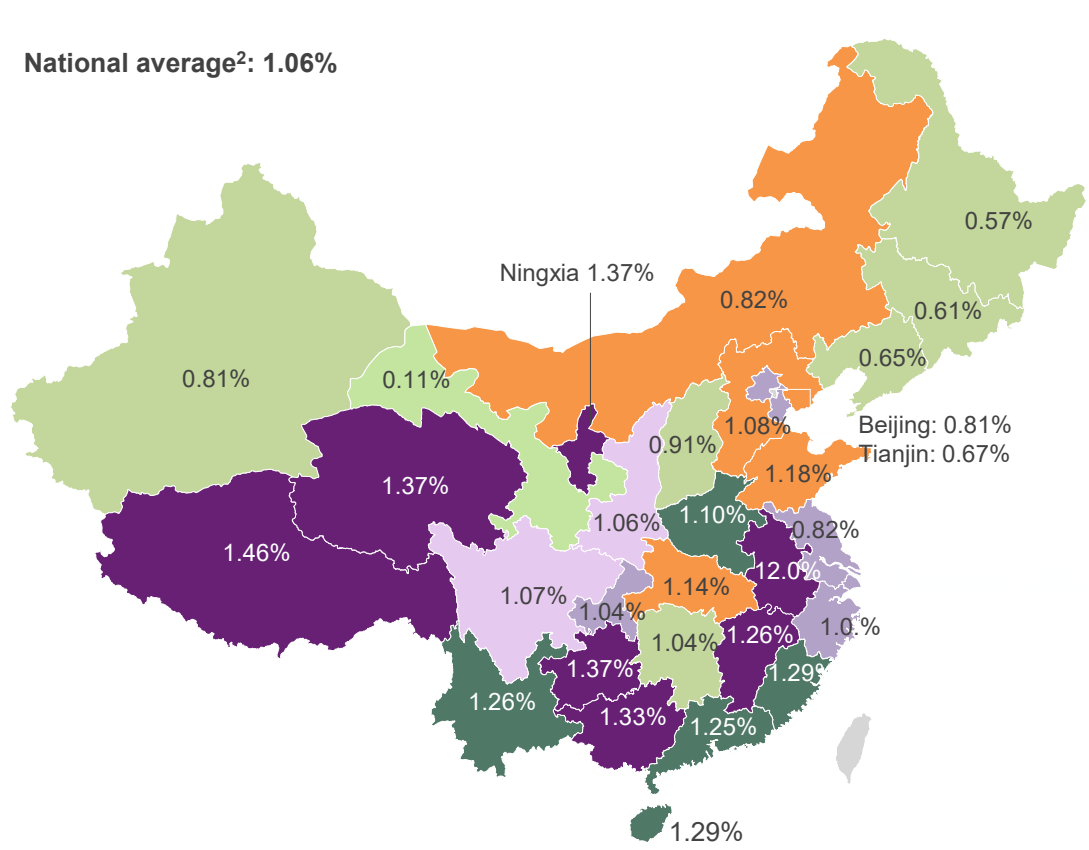


Commentary

- Key&A cities typically have higher cost of living, with birth rate typically negatively correlated with the costs of raising a child
- In addition, a higher rate of the population in Key&A cities are college-educated, and therefore, more likely to prioritise career and professional development over raising a child
- In contrast, lower tier cities have greater affordability and include a higher mix of rural areas, which are both generally associated with a higher birth rate

Provincial differences also exist in terms of birth rates across China

Latest official provincial birth rate (2019)¹



Province archetypes

Economy driven

- Birth rate negatively correlated with cost of living; expect increasing gap between developed provinces vs. others
- **More births in lower cost provinces:** Guizhou, Jiangxi, etc
- **Fewer births in higher cost provinces:** Beijing, Shanghai, etc

Social factors driven

- Birth rate driven by social demographic factors; expect existing social factors to remain in force
- **More births in provinces biased towards larger family units:** Guangdong, Fujian, etc.
- **Fewer births in provinces with lower marriage rates, younger generation emigration, etc:** Liaoning, Xinjiang, etc.

Policy driven

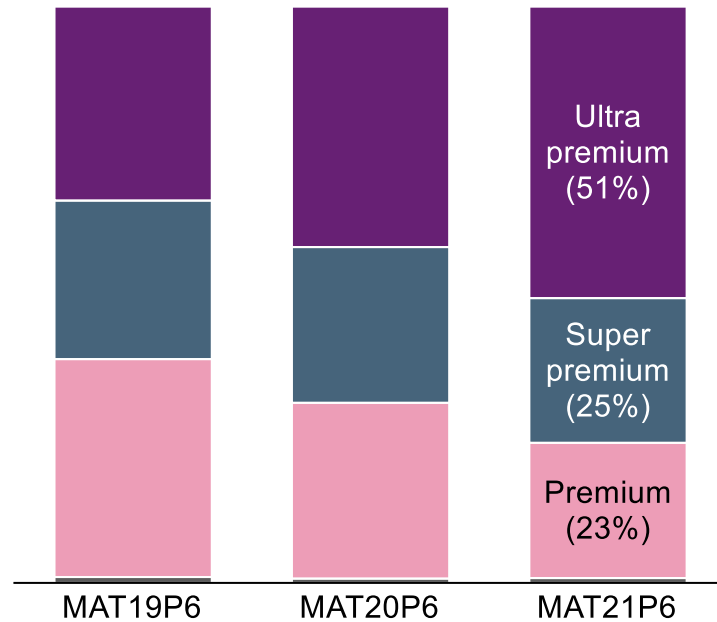
- Historically, **significant uplift from 2nd child policy** including in provinces such as Hebei, Shandong, Hubei, Inner Mongolia
- However, although there was an immediate uplift post implementation of the policy, the trend did not continue in all provinces in subsequent years

Note: 1. Birth rate = # of new born / average total population in the province in 2019; 2. Arithmetic mean of all provinces; this is the most recent data available

There continues to be a clear trade-up to ultra-premium segments

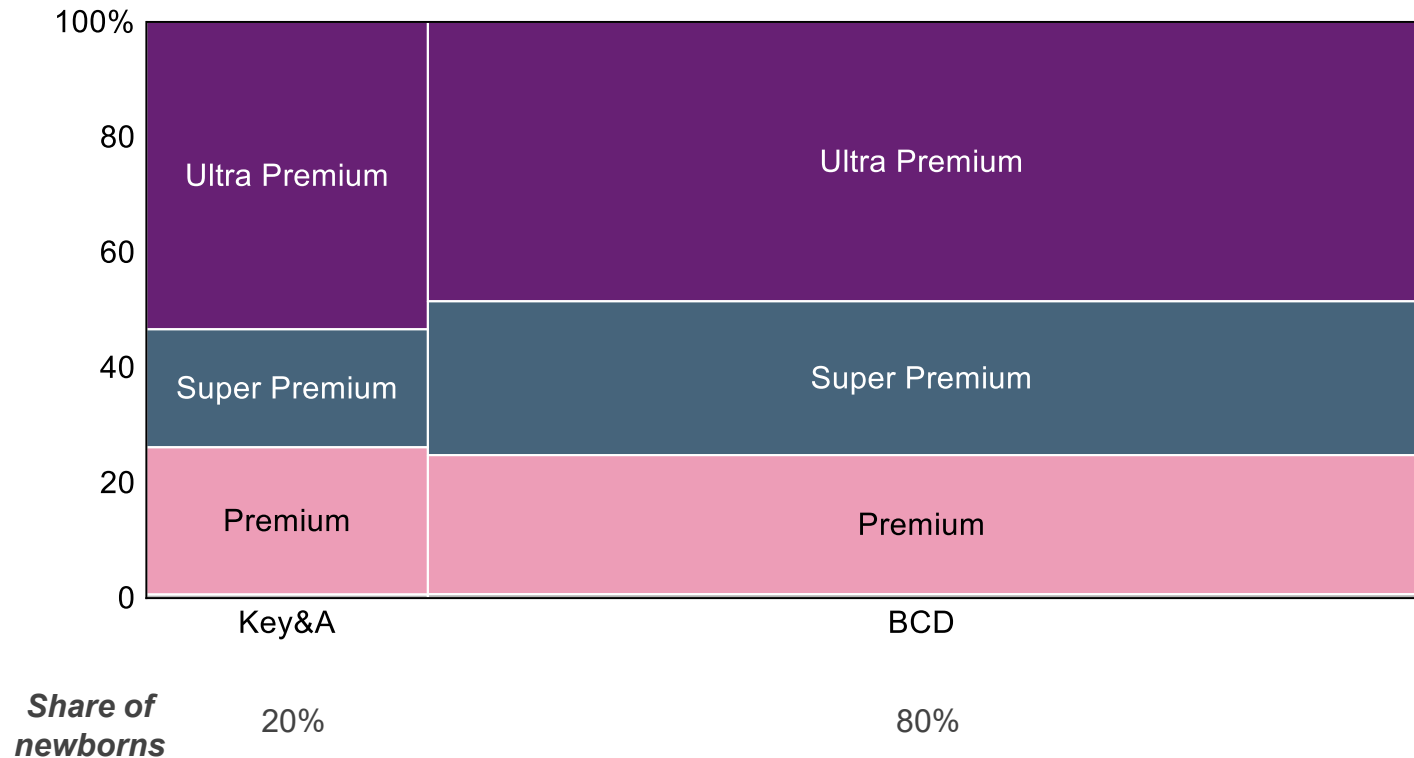
IMF market by price segment

China IMF retail value sales by price band (FY21)



IMF market by city tier and price band

China IMF retail value sales by city tier by price band (FY21)

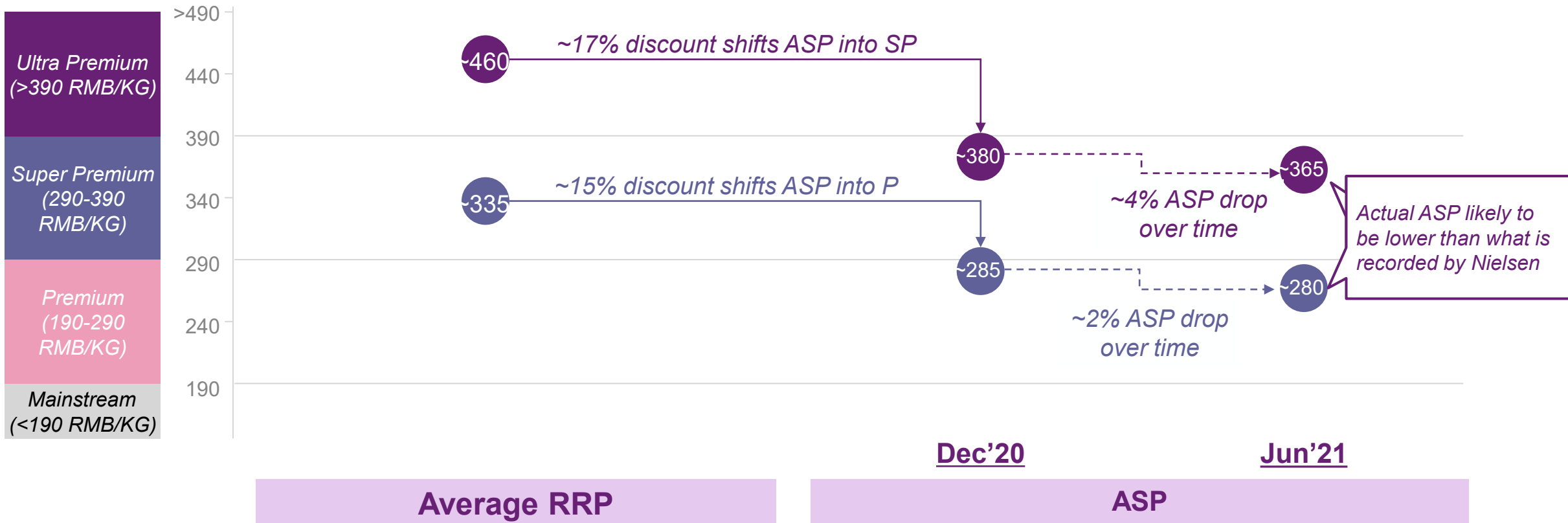


Note: Price tier based on Stage 1 price: Ultra premium >=390RMB/KG; Super premium 290-390RMB/KG; Premium 190-290RMB/KG; Mainstream <190RMB/KG
 Source: Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value); Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities)

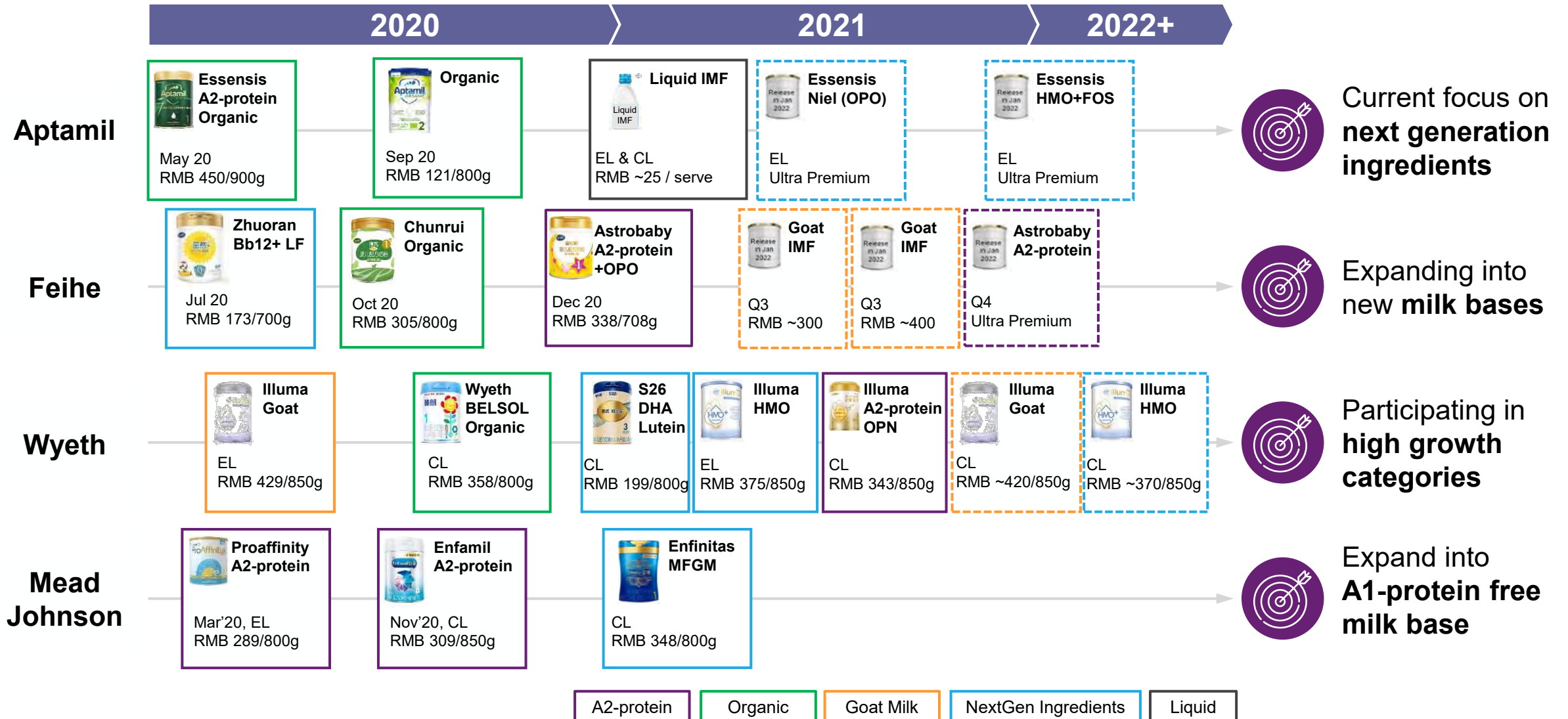
However, like-for-like ASP is under pressure

Nielsen ASP trend for UP/SP*
RMB per KG

Ultra Premium sample: Astrobaby, Enifinitas, Profutura, Zhichu, Illuma Blue Diamond
Super Premium sample: Super Feifan, Beta Star, Aptamil Classic



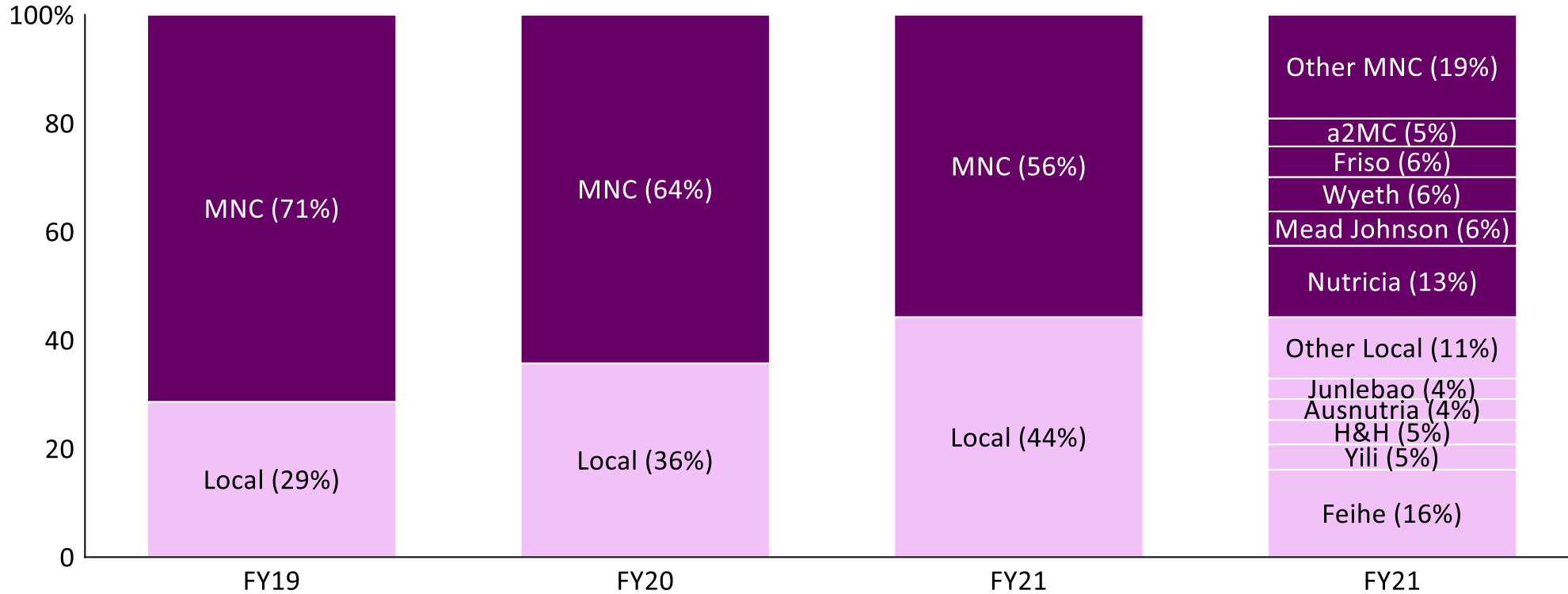
Focus of competitors' innovation is generally in the ultra-premium segment



Local brands are taking share from MNCs

China IMF market share (incl. CL and EL)

MNC Local



Percentage of top 10 players 71%

70%

70%

70%

Note: Kantar data based on a panel of 9,000 consumers covering 0-6 year olds and only seeks to project ~40% of the population

However, “local vs MNC” is less important than building a brand that resonates

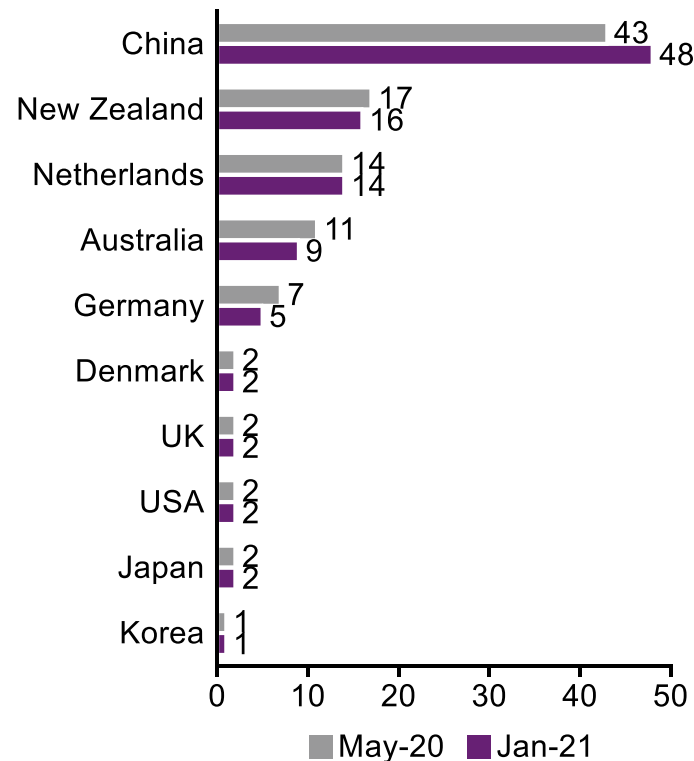
Extreme product choice exists for Chinese parents



- There are an extremely high number of brands for Chinese parents to consider (>400 registered brands)
- However, research suggests consumers ultimately only want to assess 3-5 brands

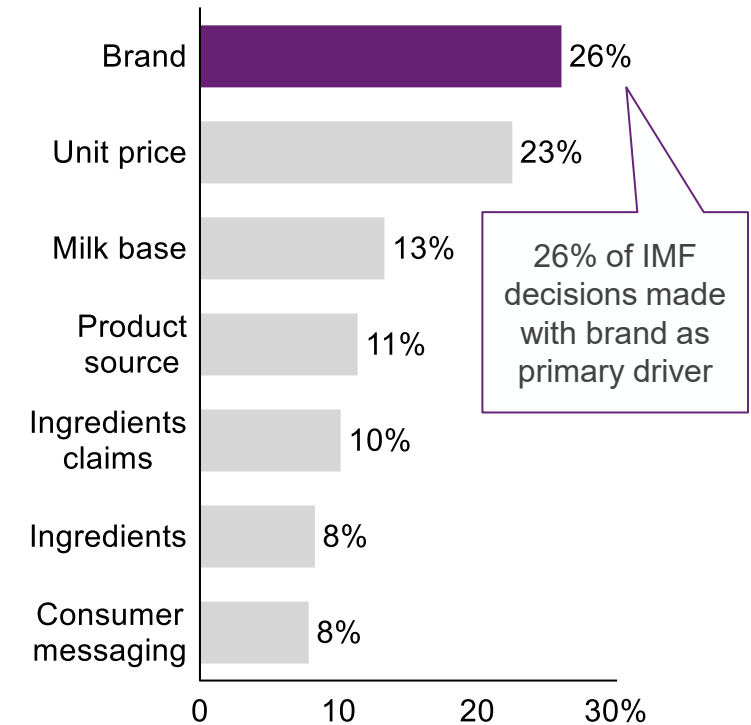
China now the most trusted IMF country, followed by NZ

Most trusted source country for IMF



Ultimately consumers look for “brands” that resonate

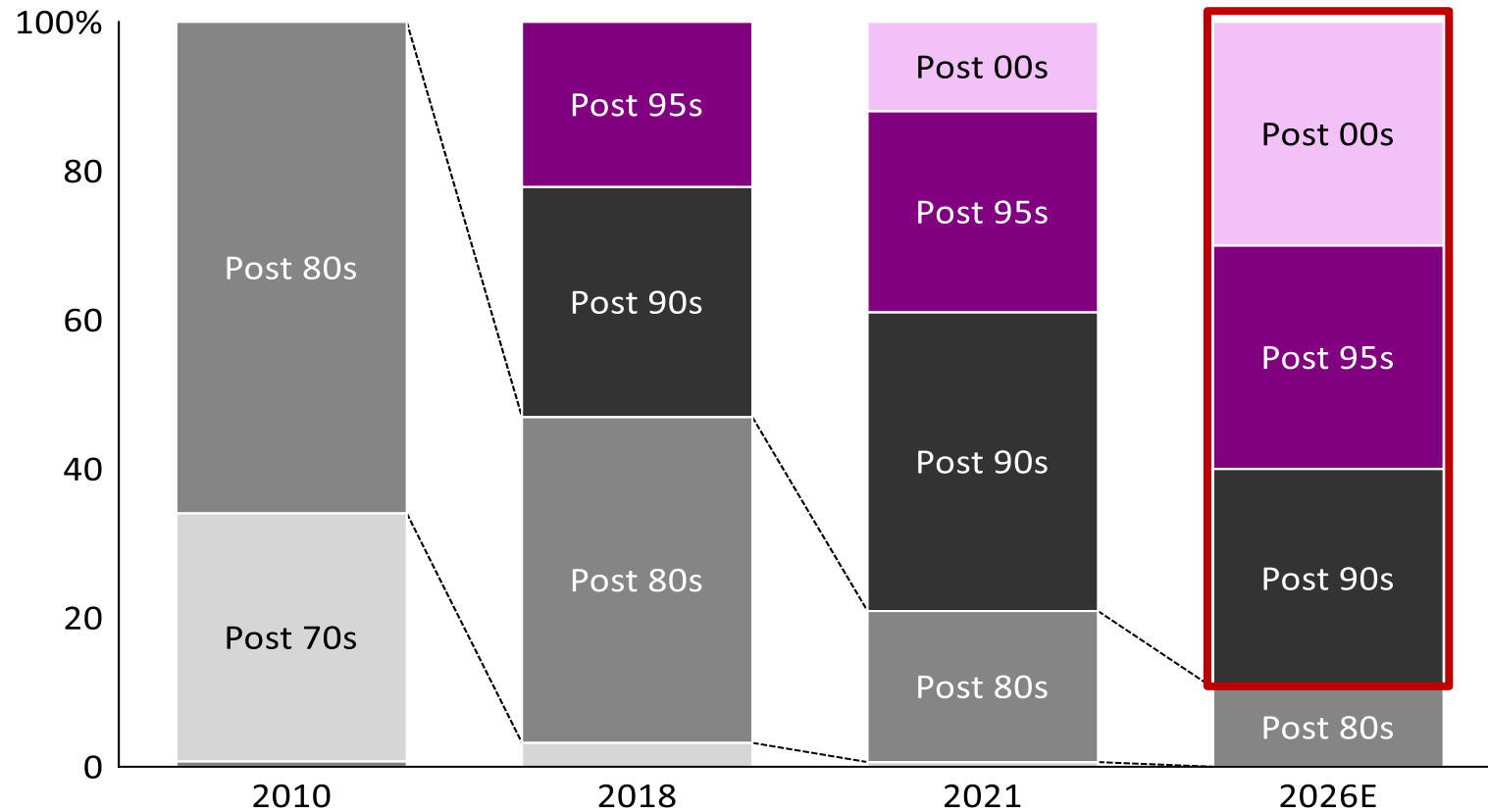
IMF purchase importance driver



Note: Relative importance of an individual attribute indicates the ranking in consumers' minds when they make an IMF purchase decision

Brands must seek to connect with a rapidly evolving consumer landscape

Mix of new births in China by generation of mother



Comments

- A unique feature of the IMF category is that consumers “graduate” relatively quickly and new users must constantly be recruited into the brand funnel
- Complicating this further is that brands must communicate with a constantly evolving consumer base, with new “generations” of mothers entering the category
- Each generation of consumer has grown up in a different environment, has different values and obtains information from different sources – brands must adapt to stay relevant across generations of consumers

Note: Post-70s, 80s, 90s, 95s, 00s refers to the mother's year of birth

Post-90-95s mothers are very different to post-80s mothers



Post-80s parents



Post-90s parents



Post-95s parents

1 Upbringing

- **Parents from the 1950s**, who tended to be more traditional than future generations
- **Books as a major tool in education**, using fewer number of sources than what is available today



- **Parents from the 1960s**, who tended to be more open-minded than earlier generations
- **Online boom occurred during later childhood**, so although “digitally savvy”, can find today’s large number of information sources somewhat overwhelming



- **Parents from the 1970s**, some of whom have benefited from the economic boom
- **Highly digitally savvy**, and extremely efficient at navigating the endless number of information sources available online today

2 Social environment

- **Focused on achieving success** through hard work
- **Economic success** as a measure of overall success



- **Focused on “experiences” for life enrichment**
- Questioning whether economic success is the end goal



- **Less defined life goals and ambitions.** However, this is also due to post-95s parents currently still <30 years old

3 Parenting mindset

- **Potential for “tiger-mum”** parenting approach, wanting their children to “win” from the beginning



- **Perceives pressure to be a “perfect mum”**, delivering on all dimensions for themselves and their child

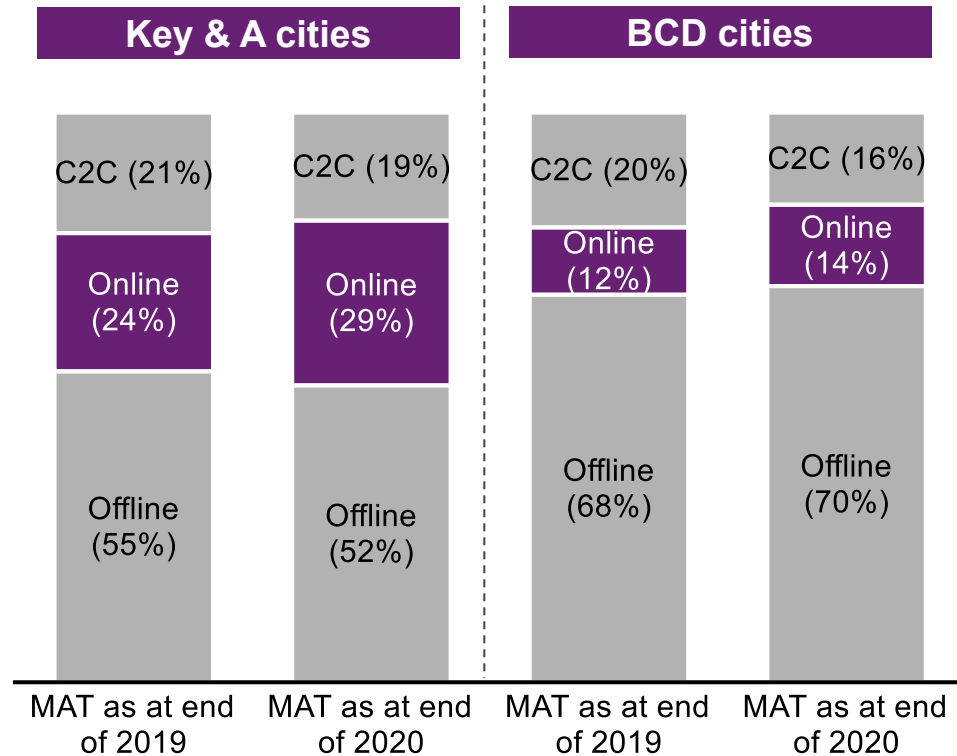


- **Being younger in absolute age**, post-95s parents are more focused on experiencing their children’s development

We are already seeing this evolution in the way current consumers approach IMF

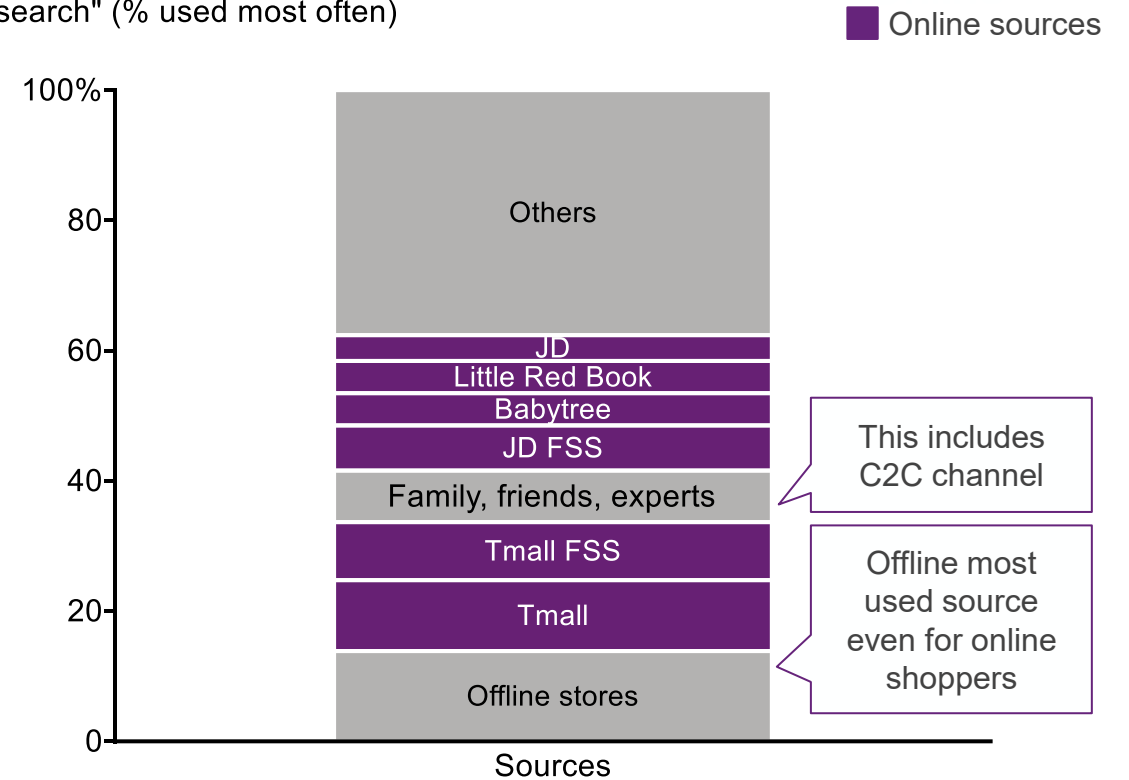
Online becoming bigger first purchase channel

Channel for first time IMF purchase



Fragmented ecosystem for educating online shoppers

Consumer sources for "discover and research" (% used most often)



CHINA LABEL

Xiao Li (Chief Executive – Greater China)



Summary of key messages

1 We have built a significant business in China over a relatively short period, and have been the exception to the trend of MNC brands losing share to domestic brands

2 There are several key drivers of our growth, with clear runway remaining

- Footprint expansion has been the biggest driver of our offline growth, with opportunity to expand further
- Like-for-like growth in mature stores has been relatively flat, making this an increased future focus for us
- We have had strong performance in Key&A cities and in key accounts, enabled by our in-market investment; however, we under-index in lower tier cities, providing a further growth opportunity
- We have performed particularly well in select provinces, which provide “proof points” of our potential
- Good progress in building online capability; however, our DOL share is underweight relative to our MBS share, suggesting more work is required to over-index in online

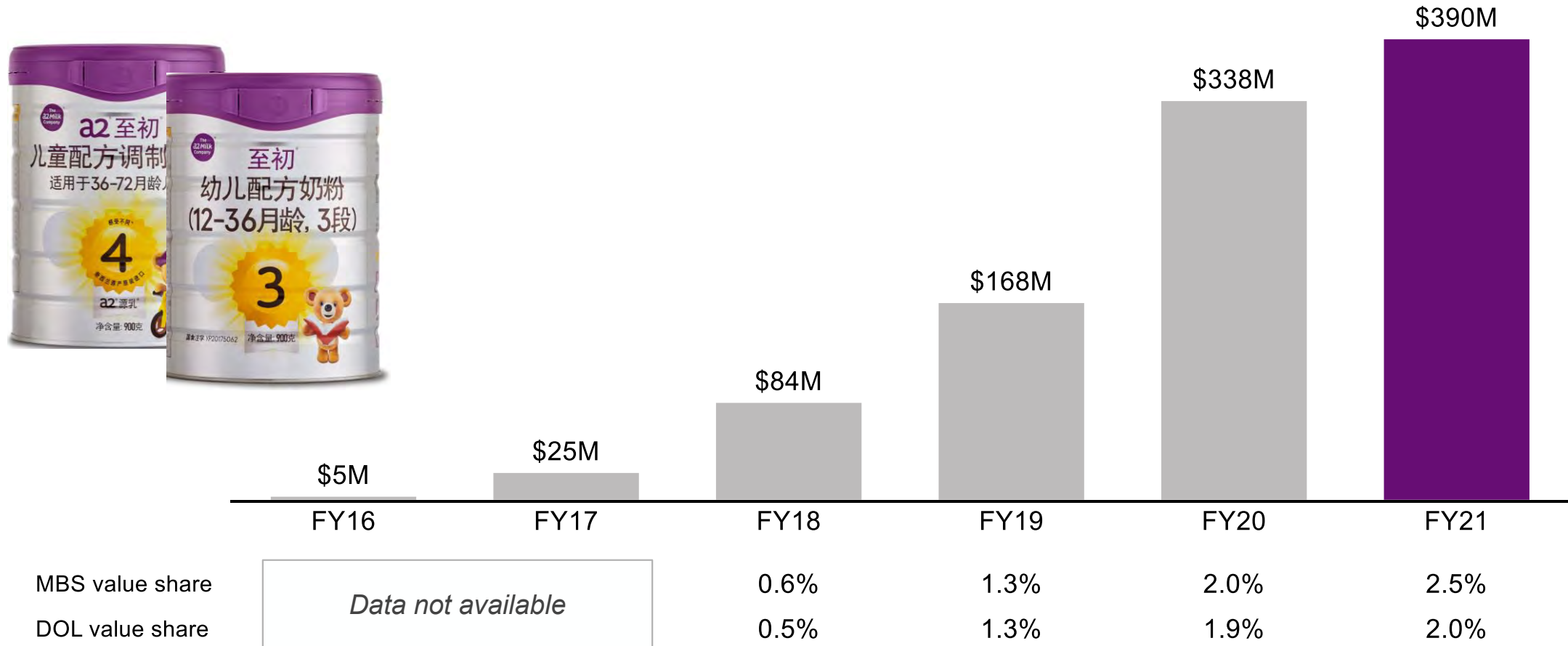
3 Underpinning our growth has been the strength of our brand, our differentiated product and the increasing investment we are making to increase consumer awareness and understanding of our unique difference

- We have invested to refine our understanding of our target consumers, enhanced our brand tracking capability to understand how our proposition resonates, and are continuously improving the effectiveness by which we communicate with our consumers
- With these key tools in place, we have stepped up our China marketing investment and brand health tracking reveals that we have done so while maintaining market leading brand health measures, which is critical given the importance of “brand” when making IMF purchase decisions
- Effectiveness of our brand investment and activation is also evident in our strong growth in early-stage products (despite the decline in newborns) and Stage 4, giving us confidence in our ability to recruit and retain users

4 In addition to opportunities to grow within our current portfolio, further opportunity exists with an expanded portfolio. However, this is dependent on our ability to access more CL registrations over time

a2MC has built a significant business in China in a short period

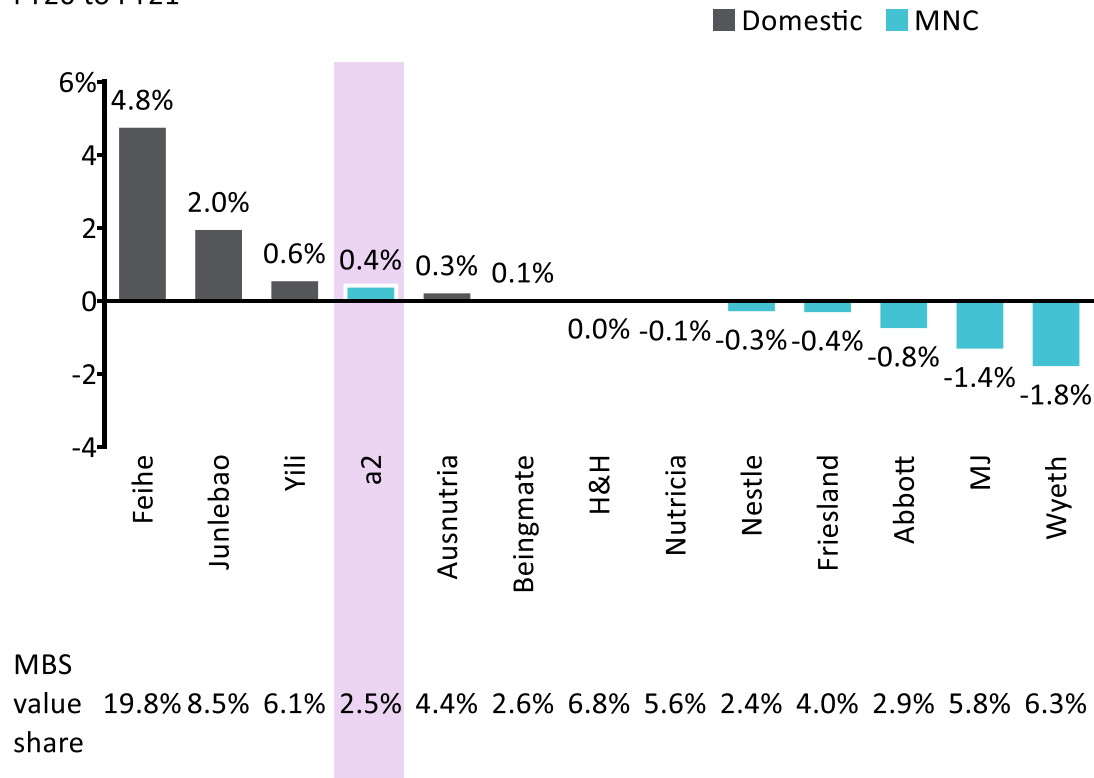
China label IMF revenue (NZD)



a2MC has been the exception to the trend of domestic brands winning share from MNCs; new A2-protein IMF competitors are helping to grow the category

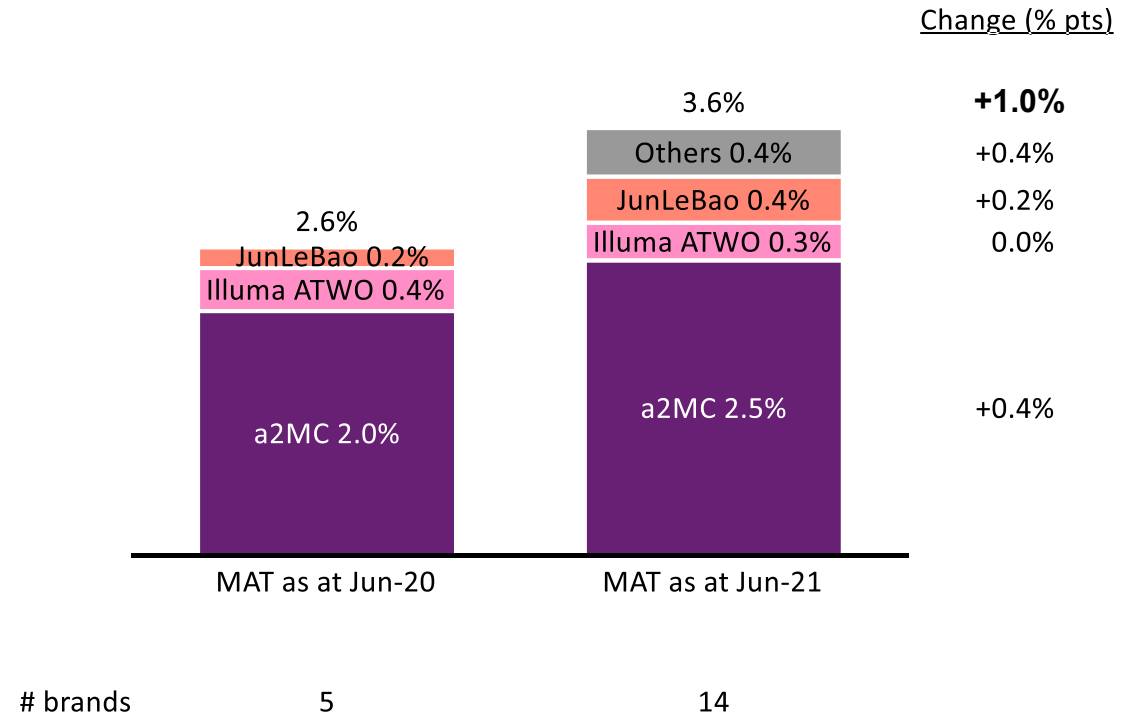
MBS MAT value share change from FY20-FY21

Change in MBS value share from FY20 to FY21



Channel share of A2-protein IMF brands

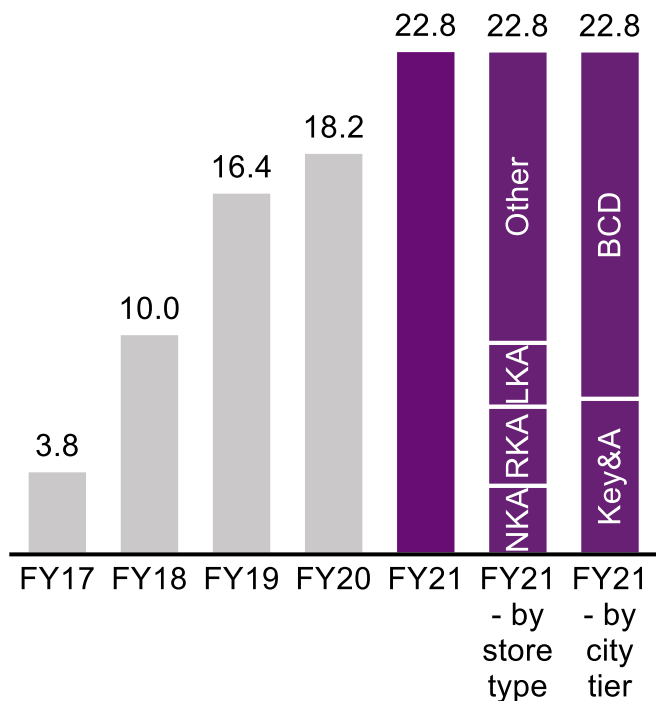
MBS value share by brand



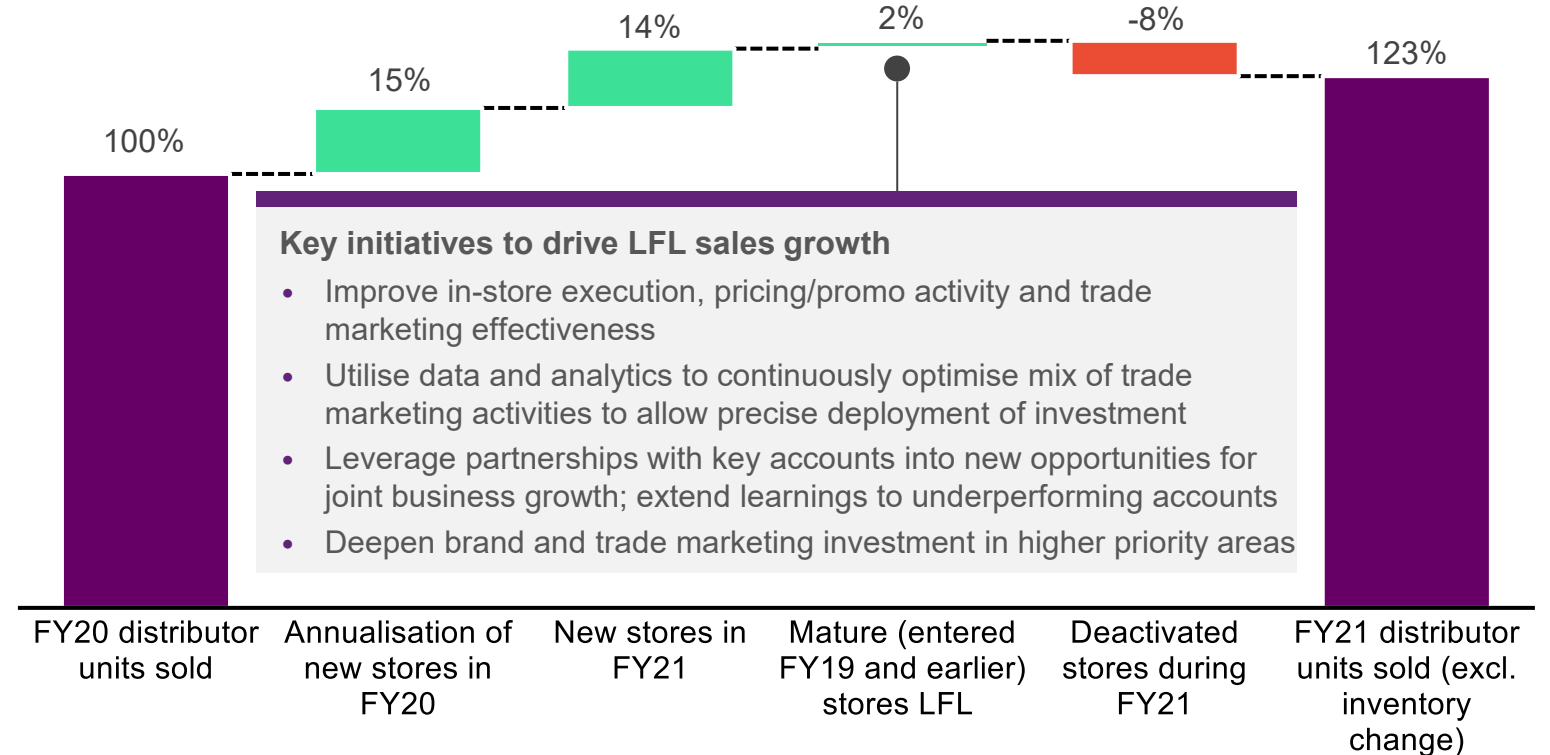
We have continued to expand our store footprint, which has been the primary driver of our growth offline

a2MC CL IMF offline footprint

China distribution (store count '000)



Drivers of a2MC distributor sell-out (i.e. sales to retailers)

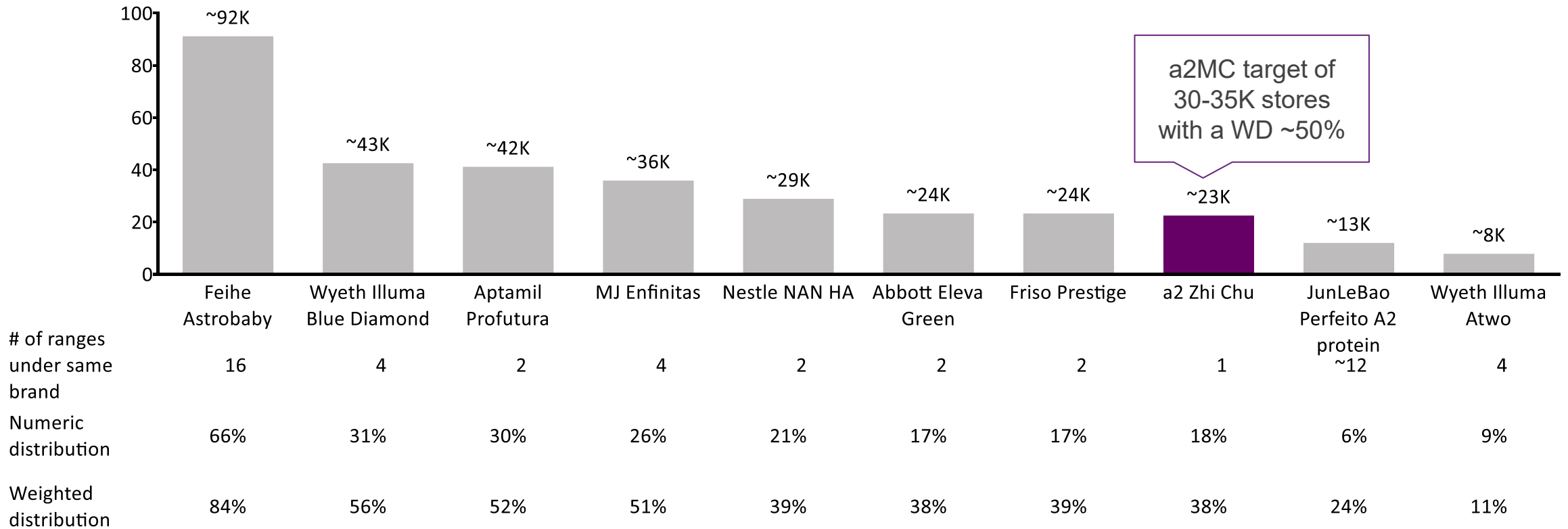


Note: Difference between distributor sales to retailers and a2MC ex-factory sales is inventory held by distributors

Source: a2MC internal data tracking of stores with active sales in the past 6 months. Restated store numbers for December 2020 and June 2020 reflecting enhanced data capture and updated internal tracking methodology.

Runway remains to further expand our footprint

Estimated number of offline stores for ultra premium brands (FY21)



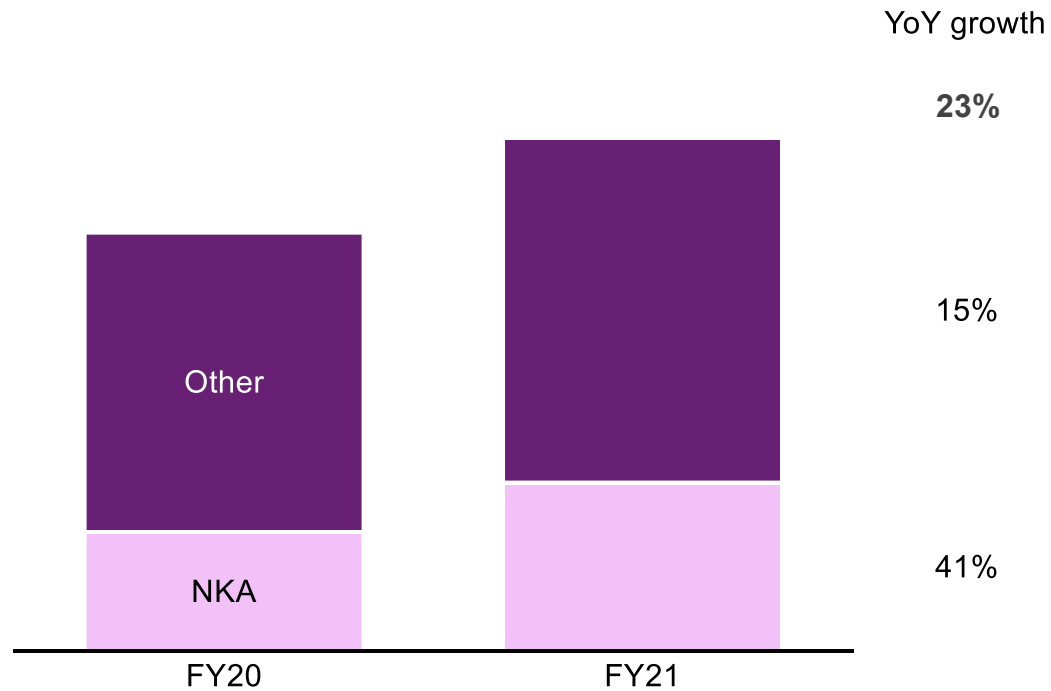
Note: Numeric distribution is the percent of stores in China that sell the item; Weighted distribution is the percent of stores in China that sell the item weighted by the sales of the stores

62 Source: ND% and WD% from Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value) as at end of FY21; estimated number of stores assumes ~140K MBS stores (except for a2MC where actual number of active stores has been shown)

Performance in national key accounts (NKAs) has been an important growth driver; however, opportunity remains in some chains

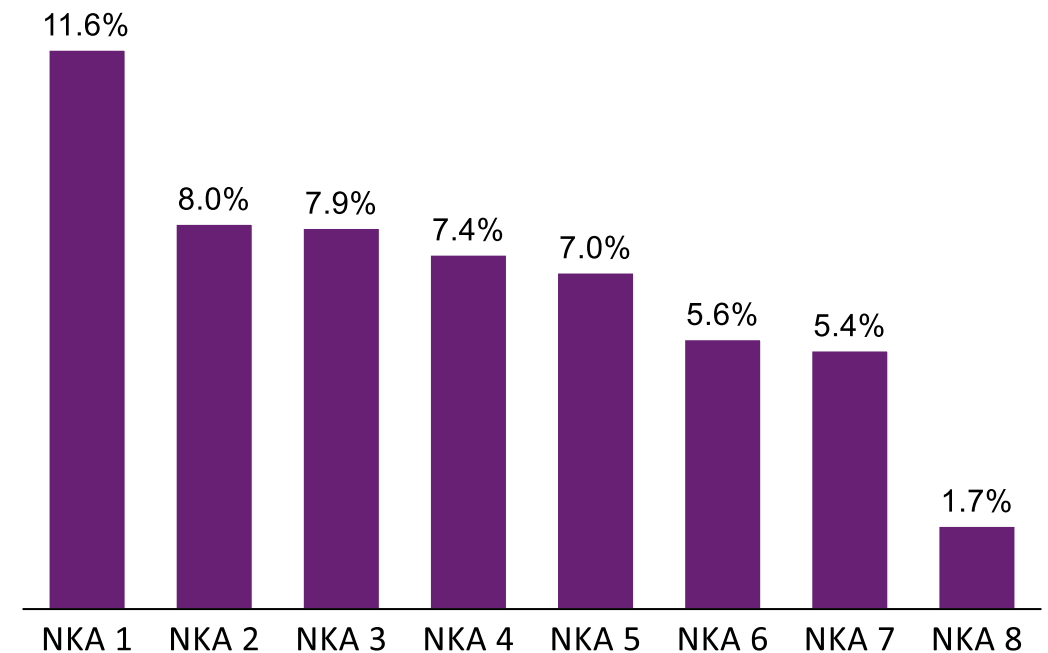
We have focused our efforts on building share in national key accounts

a2MC CL offline IMF volume sales from distributors to retailers



However, opportunity remains to grow in some underpenetrated chains

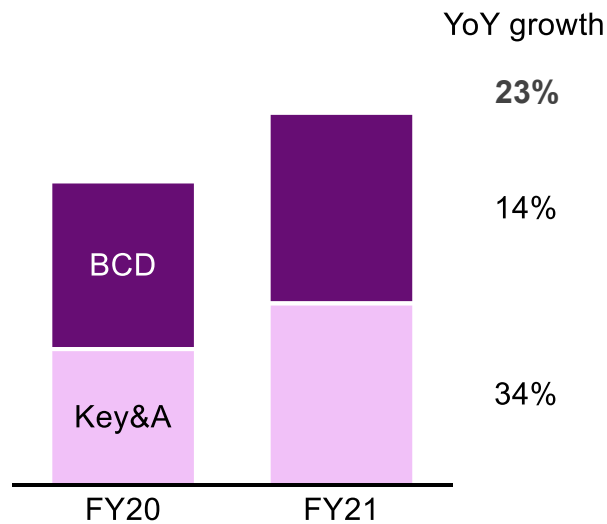
a2MC share in NKAs (FY21)



Strong performance in Key&A cities, however, opportunity remains in BCD cities

Majority of growth driven by sales in Key&A cities

a2MC CL offline IMF volume sales from distributors to retailers

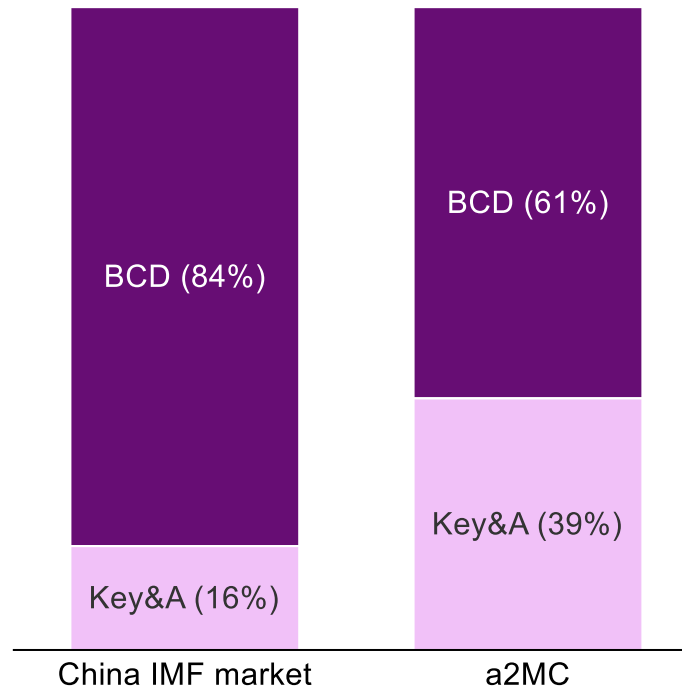


Nielsen MBS value share (MAT)

Key&A	4.7%	5.8%
BCD	1.5%	1.8%

However, a2MC is under-indexed in BCD cities

Value sales




Key initiatives for BCD growth

- Further develop our distributor network to enable strong coverage of lower tier cities
- Partner with distributors to continue to expand our CL footprint
- Apply learnings from NKAs to relevant regional key accounts
- Deepen marketing investment in select, higher priority areas for accelerated growth
- Strong channel and inventory management

a2MC's share position also varies widely by province

/ MBS ONLY

Value share by province (MAT Jun 2021)

		Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7	Province 8	Province 9	Province 10	Province 11	Province 12	Province 13
Local	Feihe	17%	17%	32%	27%	19%	19%	23%	9%	21%	22%	25%	16%	14%
	Junlebao	5%	5%	7%	13%	7%	11%	10%	8%	9%	5%	14%	13%	8%
	Yili	4%	8%	12%	10%	3%	4%	5%	6%	3%	10%	16%	5%	6%
MNC	Nutricia	10%	10%	7%	3%	5%	4%	5%	6%	3%	4%	3%	4%	5%
	Wyeth	10%	8%	4%	4%	5%	5%	4%	8%	2%	9%	3%	4%	11%
	Mead Johnson	4%	5%	6%	4%	6%	6%	4%	9%	2%	5%	2%	7%	15%
		3.5%	4.3%	4.0%	2.7%	1.9%	1.3%	2.0%	2.8%	1.2%	3.4%	0.6%	2.2%	1.2%

 Provincial leader

Key account growth enabled by investment in activation



ROADSHOWS

- High impact events designed to build brand awareness and engagement
- **877** events run in FY21 across **158** cities



MAMA CLASSES

- Provide an opportunity for deeper brand education
- Range in size from <20 people to "mega" classes with >100 people
- **42.3K** events run in FY21



BRAND AMBASSADORS

- In-store consultants to provide mothers with advice, sales support and connect them with other mothers
- **4.5K** a2MC consultants as at the end of FY21



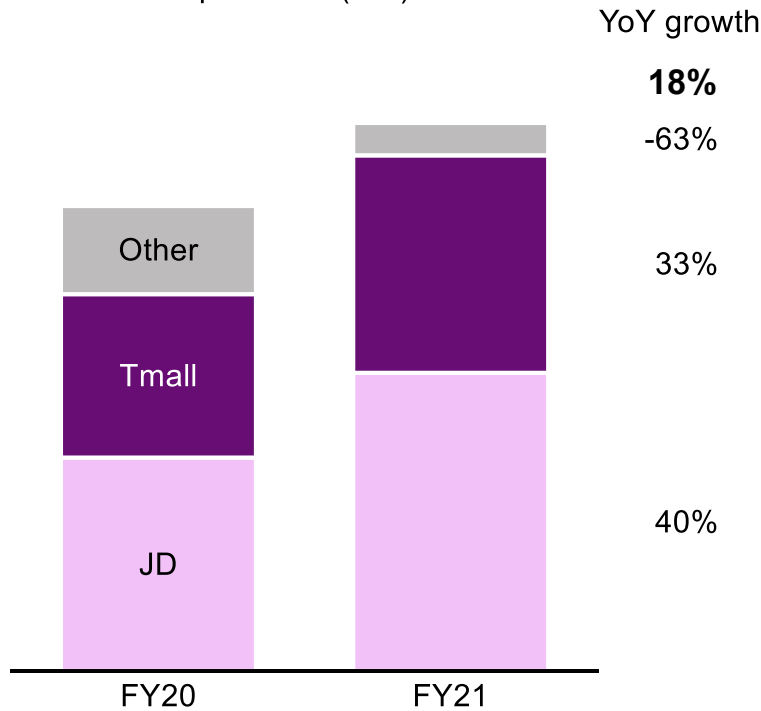
IN-STORE EXPERIENCE

- Ranging from in-store shelf displays and brand banners to flagship fitouts
- a2MC rolled out **106** flagship stores in FY21

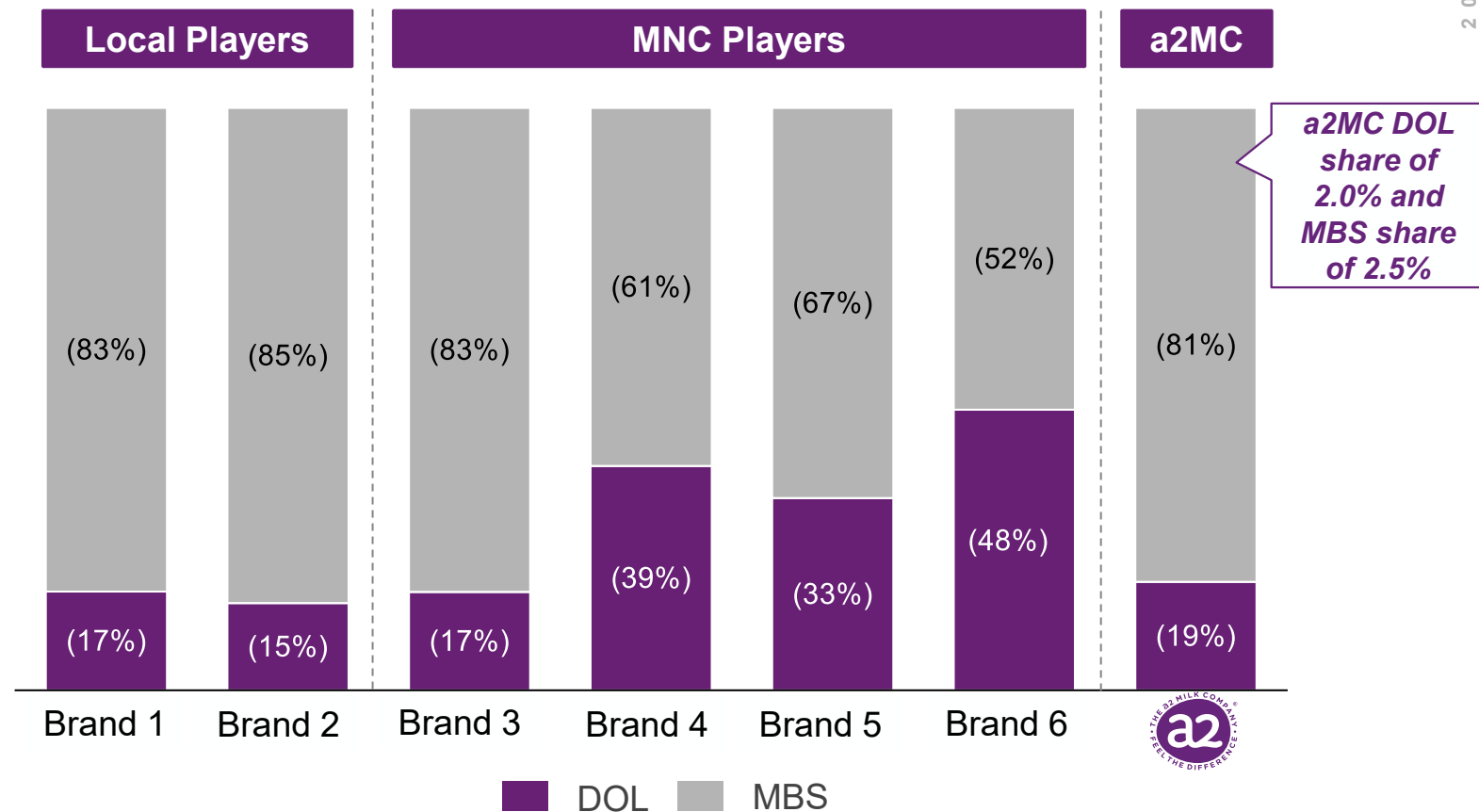
We have made good progress in growing sales via domestic online channels; however, we still under-index relative to our MBS channel share

a2MC DOL sales growth

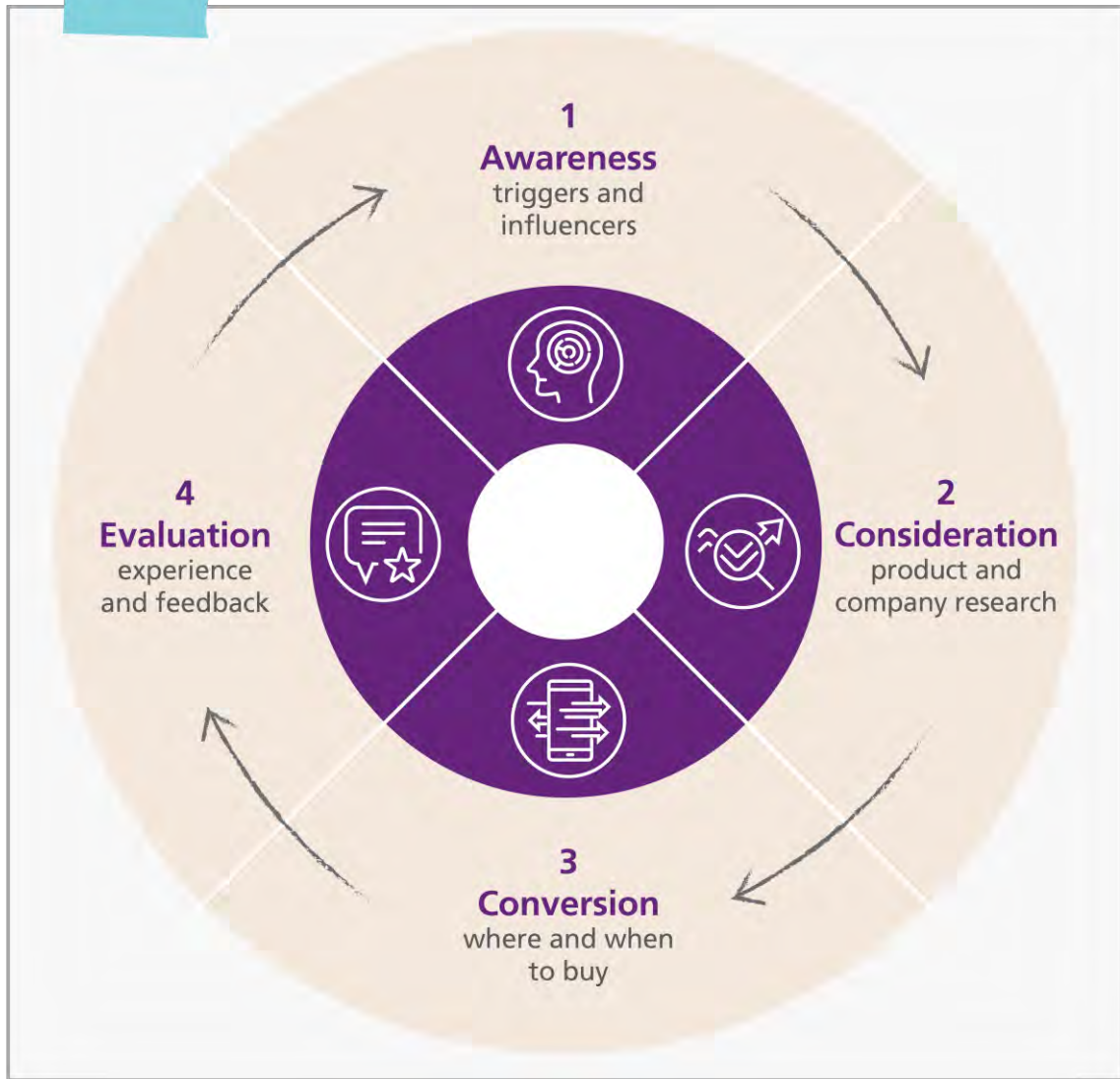
a2MC CL online IMF sales from distributors to platforms (tins)



Retail sales mix by local vs MNC players











We take an integrated approach to investing in our brand



- Historically leveraged **broadcast media for awareness building**, supplemented by **in-market events**, which can be deployed at a city-level
- Recent focus on improving our **capability in social and digital media** to engage consumers throughout their brand journey
- Targeted deployment of **online and offline investments in purchase conversion**
- **Improving monitoring of effectiveness and efficiency of marketing spend**, to drive continuous improvement, and to ensure we get **maximum impact from our investment**

Our brand investment begins with a deep understanding of our consumers

Original segmentation					New archetypes added	
Resourceful mum	Savvy rational	Peacock mum	Balanced progressive mum	Carefree mum	Value seeker mum	China Pride mum
 <p><i>'I want a natural product from a high quality overseas milk source that I can trust'</i></p>	 <p><i>'I want a product with the most enhanced, scientific formula'</i></p>	 <p><i>'I want something that is exclusive and seen to be the best'</i></p>	 <p><i>'I am open-minded and progressive about life and raising my child'</i></p>	 <p><i>'I want something that my kid likes and makes my life easy'</i></p>	 <p><i>'I want a product that delivers the best value within my budget'</i></p>	 <p><i>'I want something specifically designed for Chinese babies, ideally from a local brand'</i></p>
<p>Defining drivers</p> <p>Prefers imported products</p> <p>Overseas natural, imported sourcing critical</p>	<p>Focused on product-features</p> <p>Prefers formulations based on latest IMF science</p>	<p>Prefers expensive and exclusive brands</p> <p>Driven by status</p>	<p>Progressive mindset against lifestyle and parenting</p> <p>Open-minded and willing to try innovative brands</p>	<p>Practical</p> <p>Values convenience and availability</p>	<p>Prefers value-for-money</p> <p>High price sensitivity</p> <p>Skews to local brands</p>	<p>Prefers local brands designed and manufactured in China</p> <p>Proud of Chinese lifestyle</p>

 a2MC focus archetypes

We have enhanced our brand health and competitor tracking capabilities



- Conduct **quarterly IMF brand health and equity tracking** in China as well as **quarterly global competitor NPS and trend tracking**
- **Robust sample sizes and broad geographic coverage** with **9600 IMF mothers surveyed per quarter** across all regions, city types (both K&A and BCD cities) and provinces
- Key performance indicators for tracking and diagnosis include: **loyalty through the funnel, net promoter score (NPS) and brand equity measures**
- Enhanced analytical capabilities that enable us to **isolate and measure communication effectiveness, test & learn marketing and trade initiatives**
- **Track new IMF formulation, ingredients and milk bases** to consider in connection with our product innovation and scientific research programs

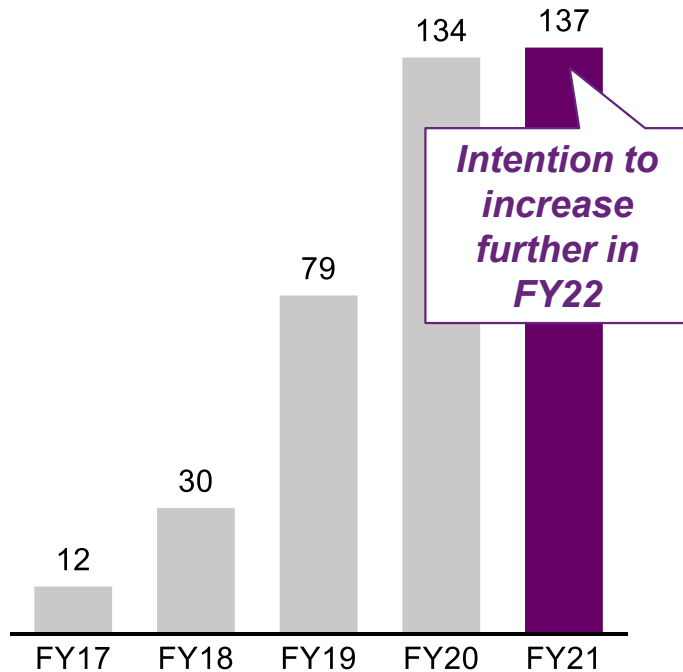
We are also continuously improving our approach to measuring marketing effectiveness along the brand funnel

	Awareness	Consideration	Trial/purchase
Broadcast media	<ul style="list-style-type: none"> Assess impact with BHT Compare by province 		
Digital/social		<ul style="list-style-type: none"> Review impact of investment on search indices, brand buzz, engagements and EC traffic Conduct social listening of positive and negative sentiment 	
E-commerce		<ul style="list-style-type: none"> Analyse effectiveness and efficiency of driving traffic and recruiting new fans/members 	<ul style="list-style-type: none"> Analyse effectiveness and efficiency of triggering purchase, mix of new purchasers
POSM	<ul style="list-style-type: none"> Conduct BHT correlation analysis to understand impact on awareness 		<ul style="list-style-type: none"> In-store sales analysis to assess impact of POSM post-installation BHT analysis to test impact on sales velocities and trial
Roadshows		<ul style="list-style-type: none"> Conduct BHT correlation analysis to understand impact on consideration 	<ul style="list-style-type: none"> Measure direct ROI (based on GM value of sales) and indirect ROI (incl. new user value) Compare effectiveness and efficiency across provinces Cross-check with BHT correlation analysis against purchase metrics and change in Stage 1 share
Mama classes			
In-store consultants			

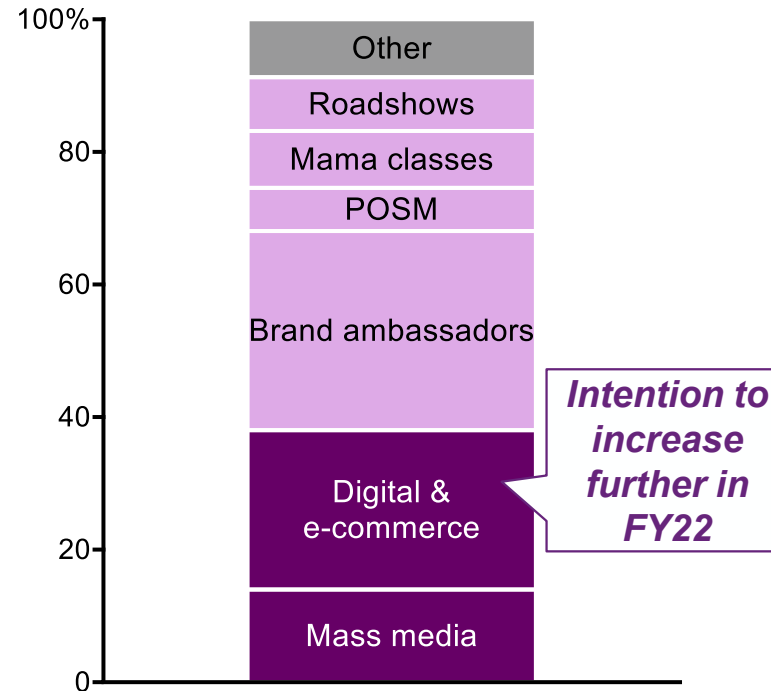
With these tools in place, we have stepped up our investment in marketing

Marketing has increased over the past 5 years

China marketing investment - both CL & EL (NZD)



Marketing mix weighted to in-channel activities



Comments

- **Although we have increased our marketing spend, we estimate that we are still underinvesting compared with competitors**
 - Our research suggests we invest less than half of other MNC brands and a fraction of leading domestic brands
- **Our intention is to further increase our marketing investment as well as adapt our marketing mix**
 - Historically, strong investment in online content by our EL resellers has allowed us to focus on building awareness and driving purchase conversion
 - Following EL channel disruption, we are increasing our brand-led digital and social media investment to supplement efforts from resellers

Investments are deployed across the brand funnel

ATL marketing to build awareness



In-market events to engage and educate consumers



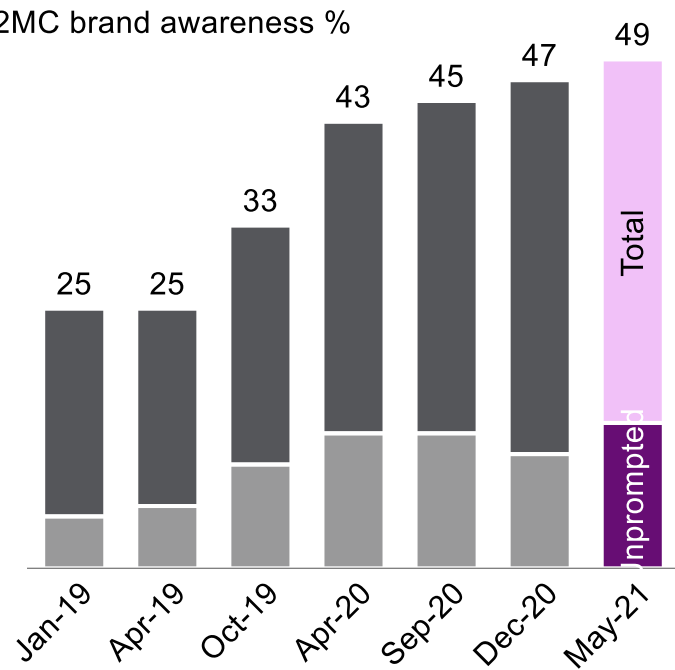
In-store POSM and brand ambassadors to convert



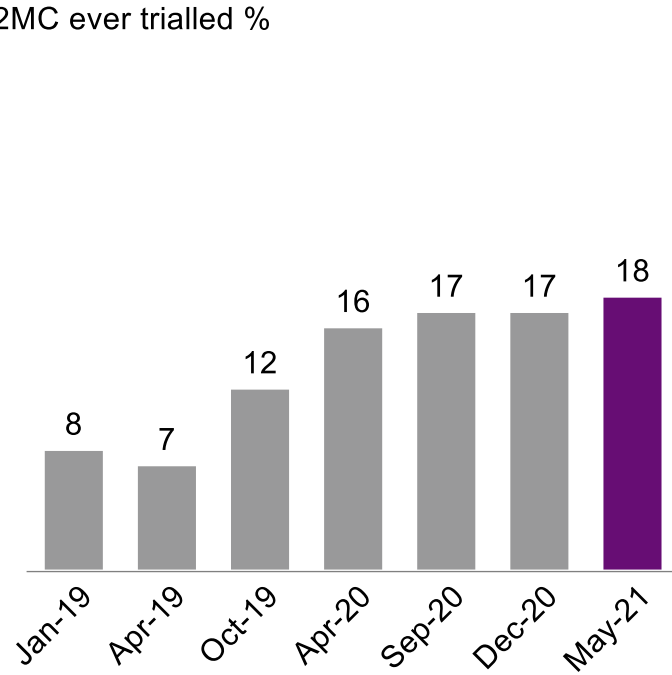
Marketing effectiveness evident in strong brand health metrics



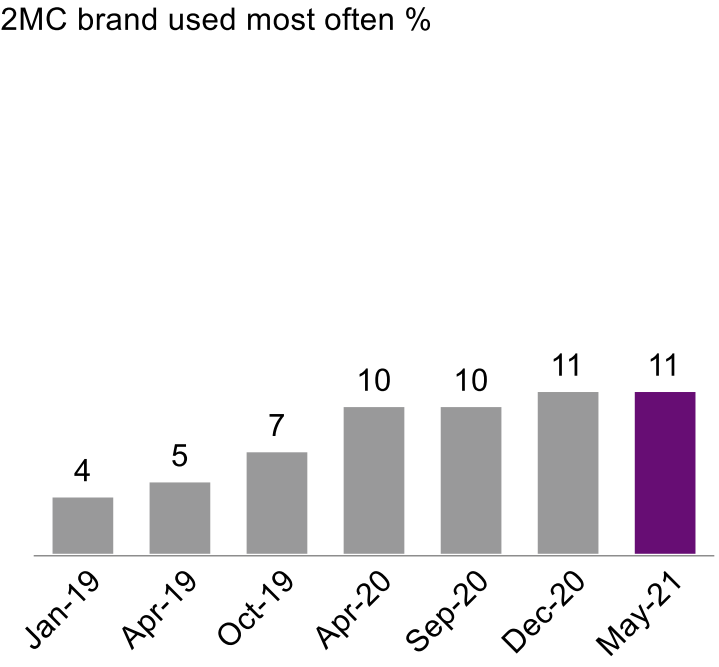
a2MC brand awareness %



a2MC ever trialled %



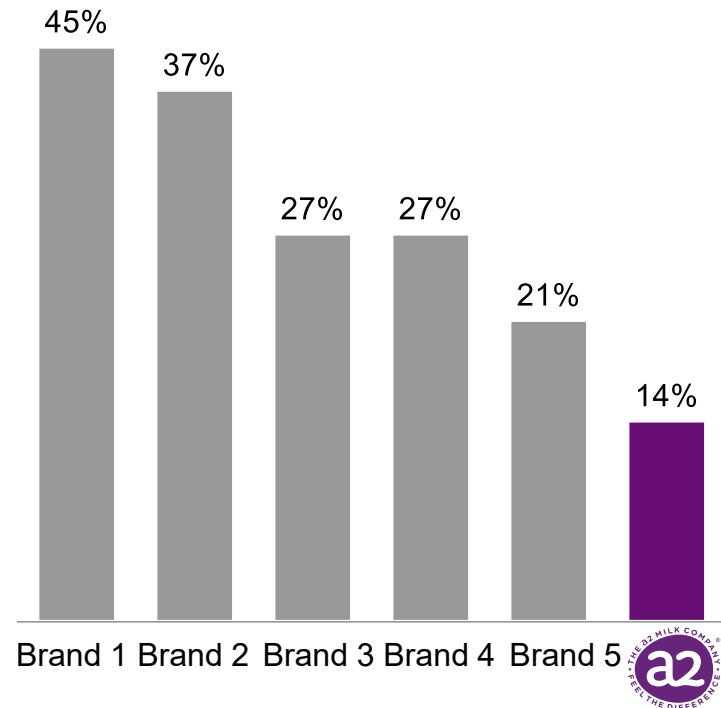
a2MC brand used most often %



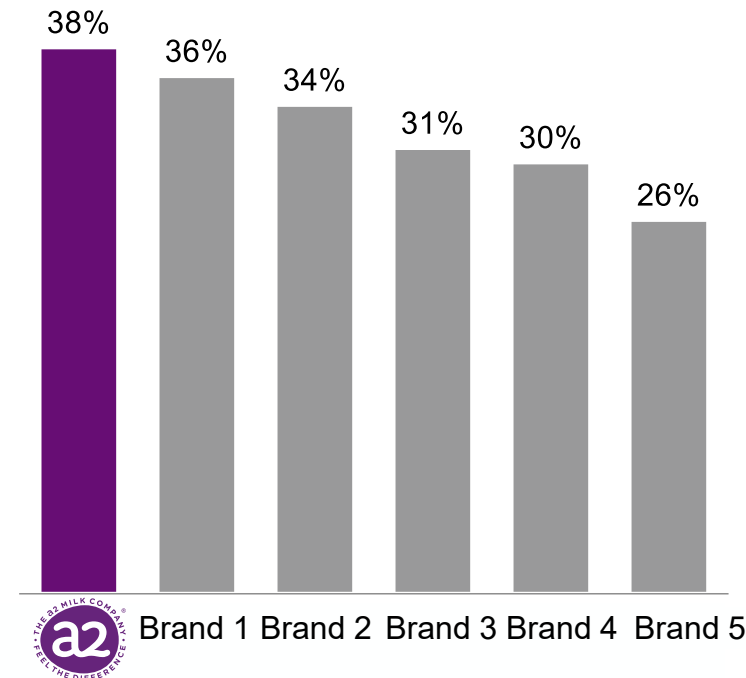
We have significant room to grow awareness with encouraging “proof points” around conversion and loyalty when consumers do become aware



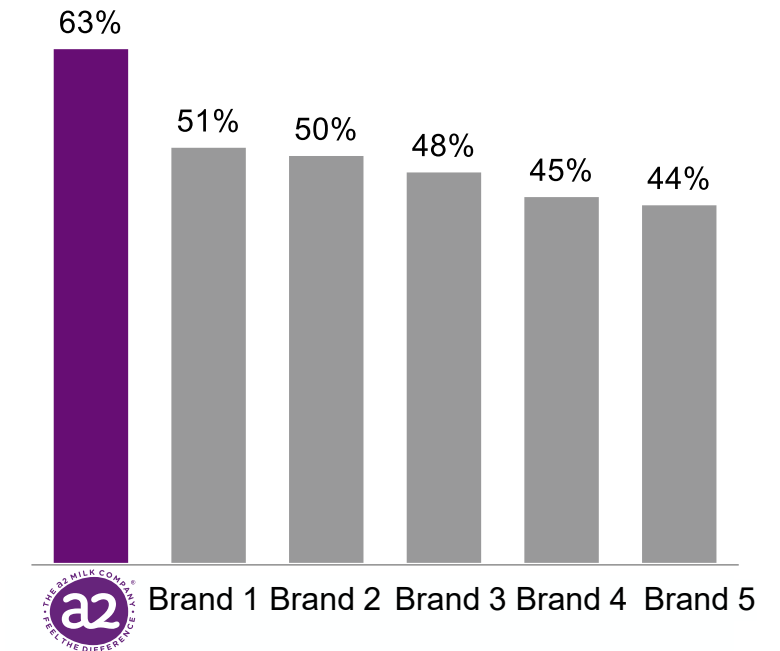
Unprompted awareness % as at May 21



Trial conversion % as at May 21 (awareness to trial)

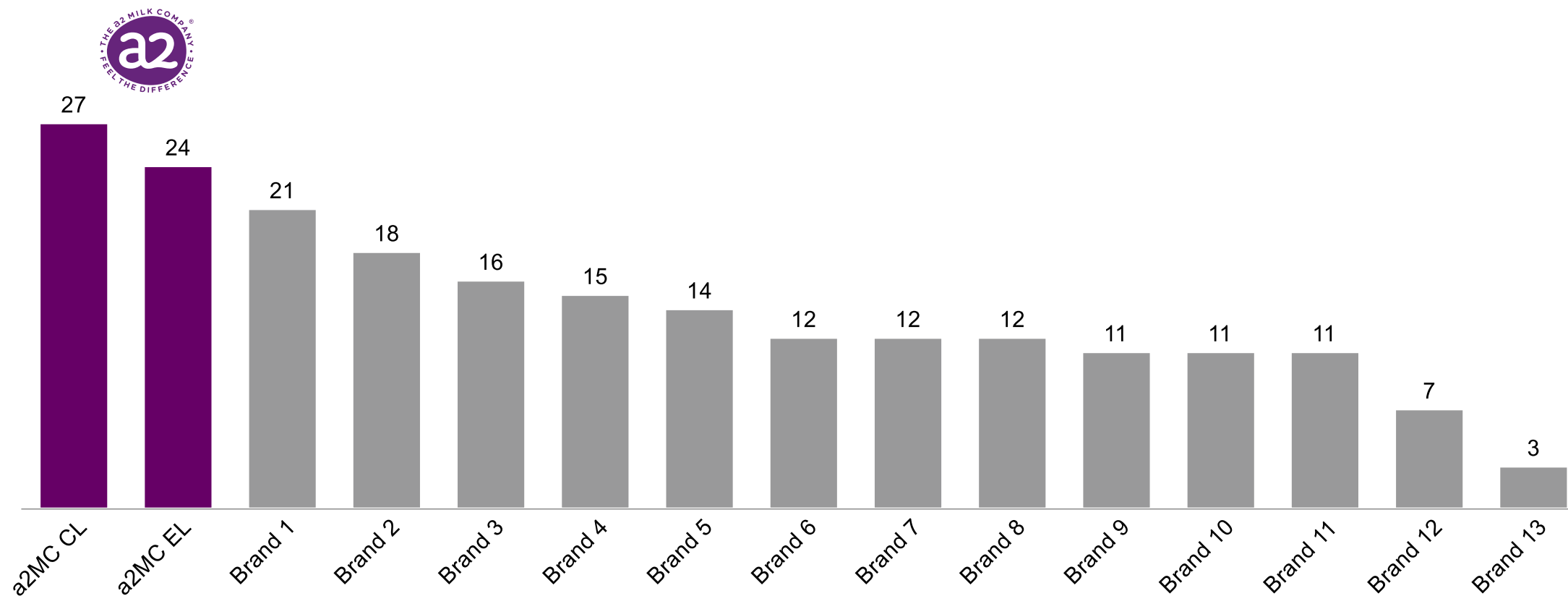


Loyalty conversion % as at May 21 (trial to brand use most often)



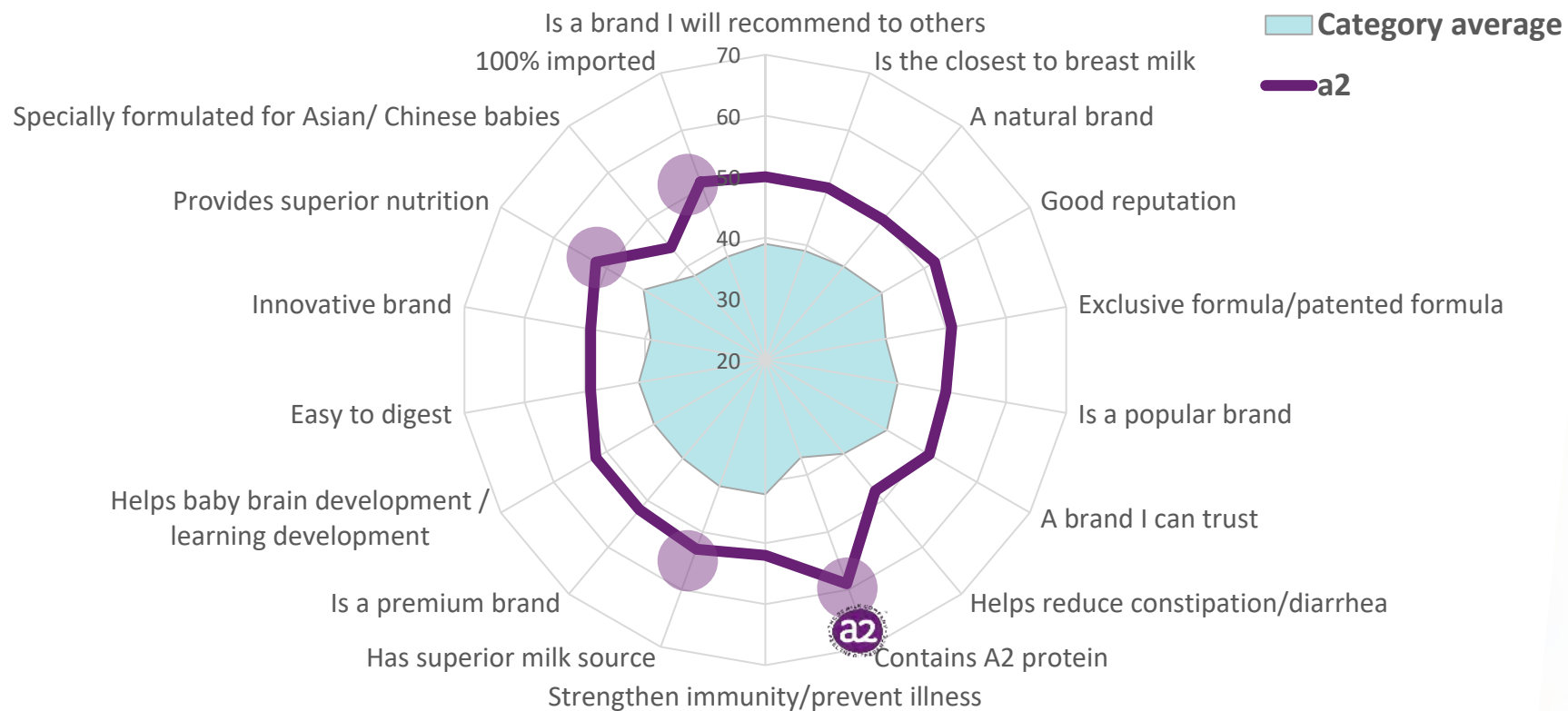
We also have the highest NPS across all brands

Net Promoter Score



Key brand equity measures are also encouraging

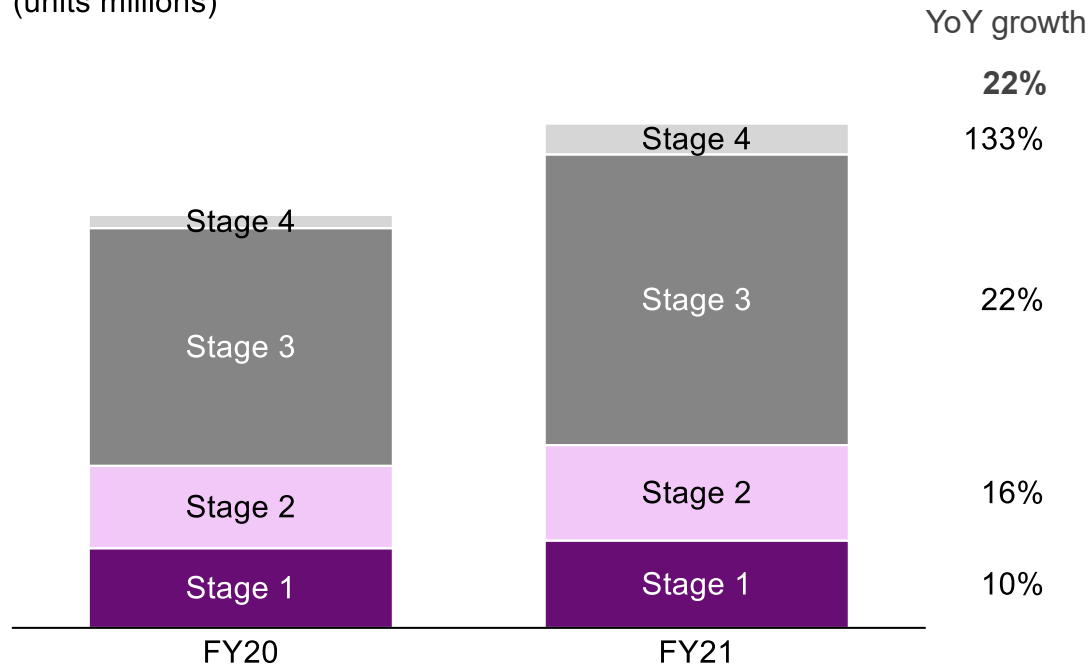
a2MC equity statements vs. category



Strong growth in early-stage products (despite fewer newborns) and fast ramp-up of Stage 4 (launched Dec-20) demonstrates ability to recruit and retain users

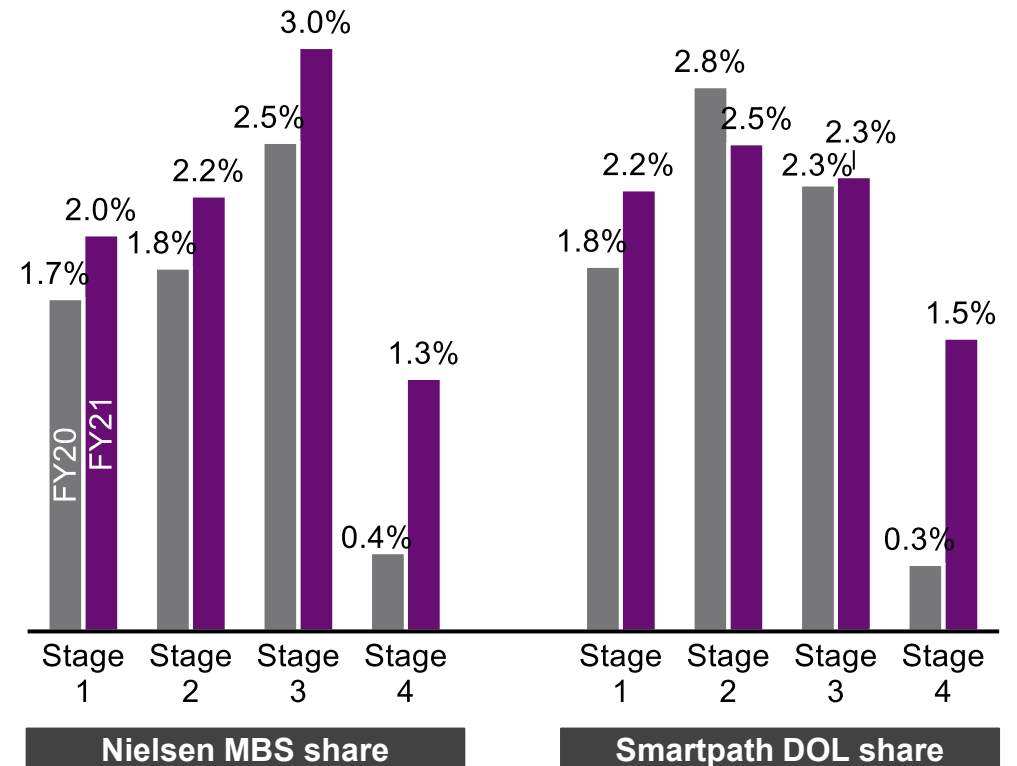
Positive growth in early stage products

a2MC CL distributor sell-out by stage (units millions)



Growth reflected in market share gains

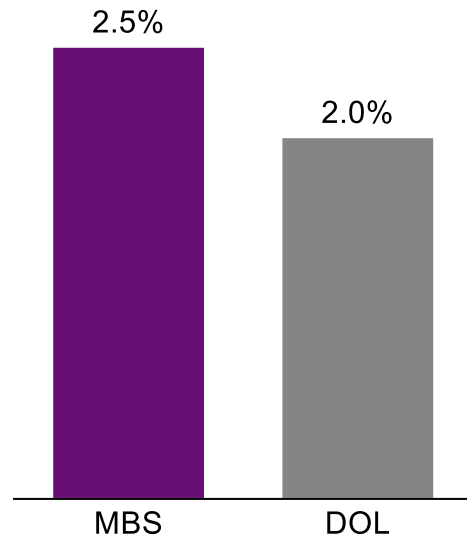
a2MC CL value share by stage



Overall, performance to date gives us “proof points” that we can be successful, as well as highlighting a clear pathway to future growth

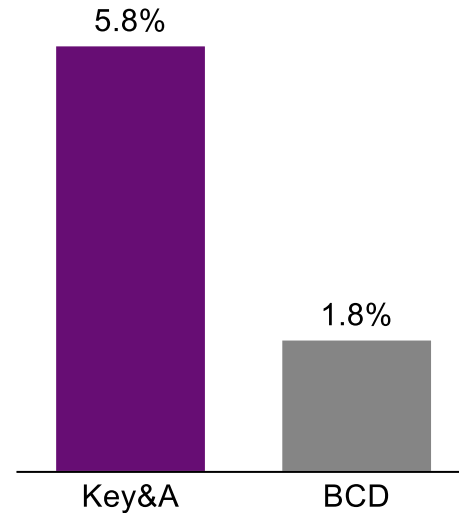
Cross-channel growth

a2MC value share by channel (MAT, FY21)



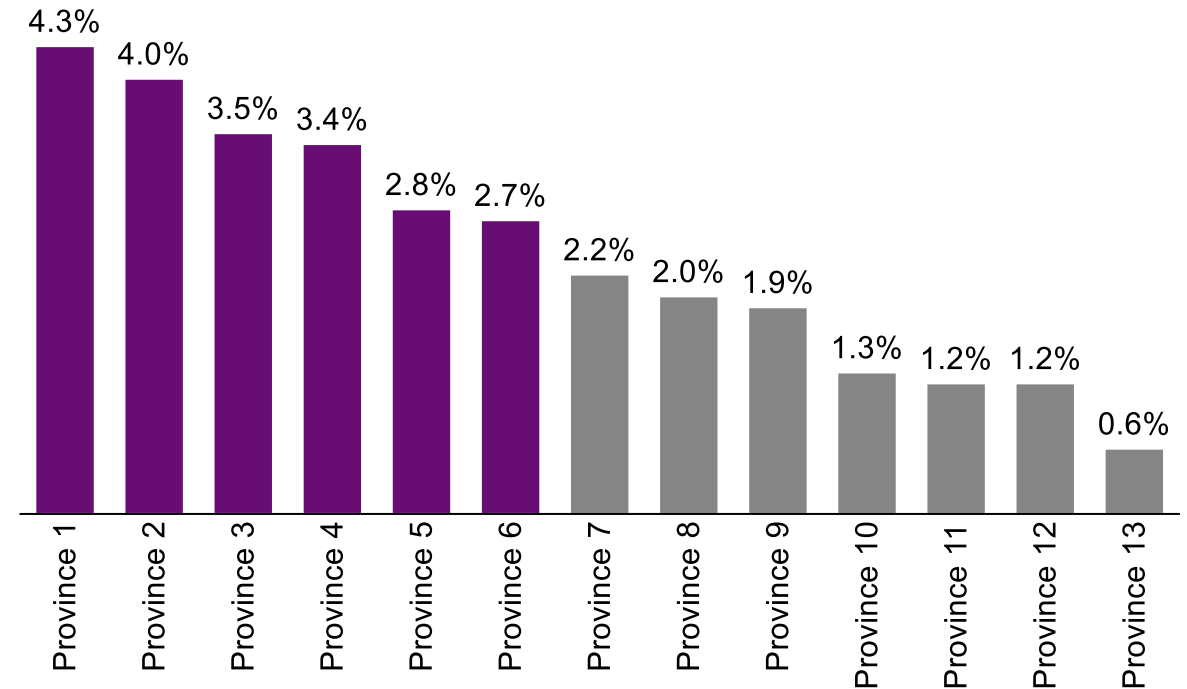
Cross-tier growth

a2MC MBS value share by city tier (MAT, FY21)



Cross-province growth

a2MC MBS value share by province (MAT, FY21)



Further opportunities exist with an expanded portfolio, subject to registrations

CL MBS only

○ Bubble size: FY21 IMF retail sales²

RRP¹ / 900g tin per brand (MBS, FY21, RMB)

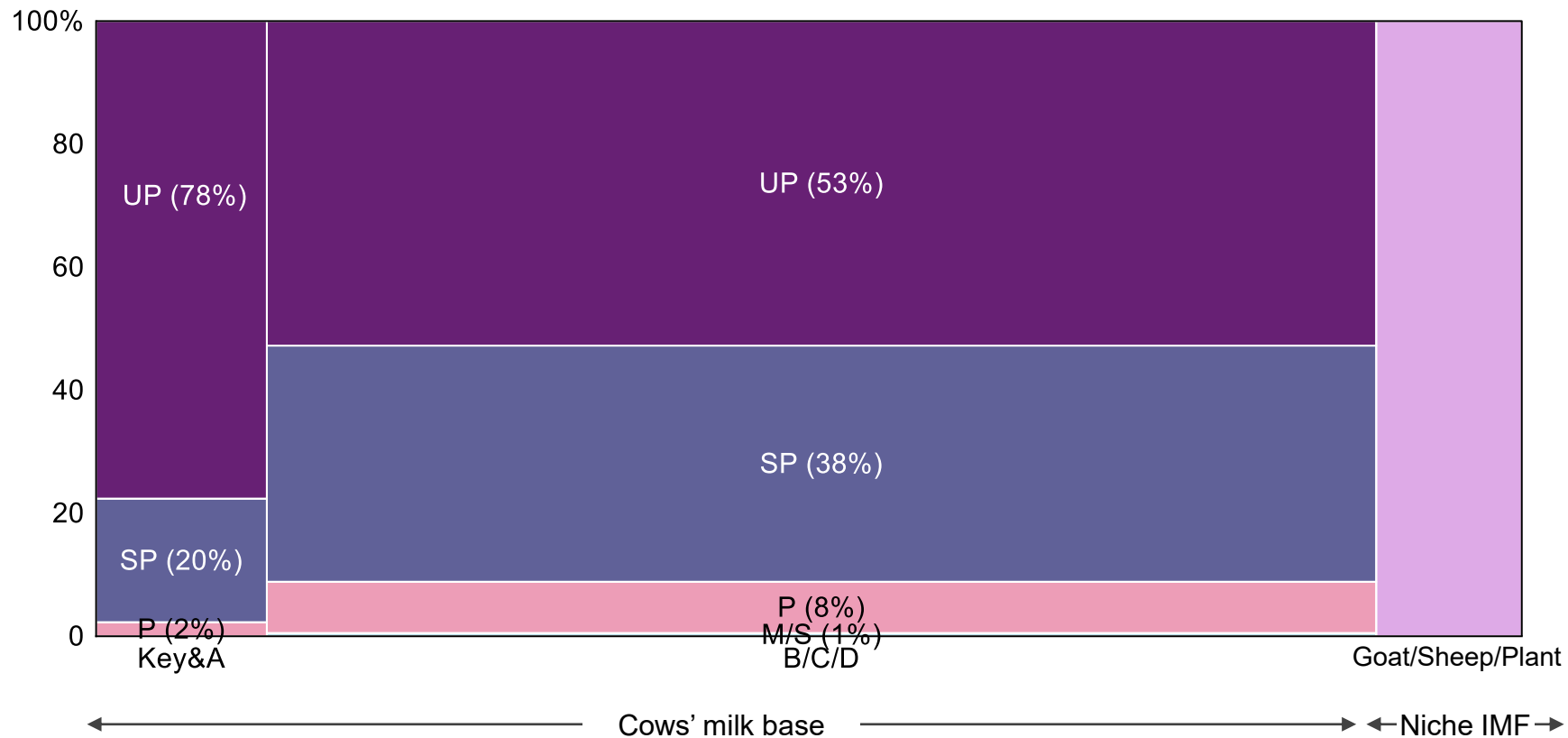


Note: Price tier based on Stage 1 price RMB / 900g tin: Ultra premium >350; Super premium 260-350; Premium 170-260; Mainstream <170 1. Using each sub-brand's stage 1 IMF original selling price, converting to price per kg; 2. From Nielsen MBS data (high level estimation to directionally show comparison); 3. Value share change from Nielsen value share data MAT Jun 2020 to MAT Jun 2021

80 Source: Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value)

There are multiple directions into which we could expand our portfolio

Est. China CL MBS IMF market by price band and product type (FY26F)



Commentary

- We are seeking to innovate our CL IMF portfolio
- There are several directions under review, including:
 - Additional ultra premium ranges (sitting alongside our current CL brand)
 - Extending into the super premium price segment to extend further into BCD cities
 - Considering whether our brand can stretch into other A1-free IMF offerings

Note: *Assume goat/sheep/plant has same split of CL MBS sales with that of cow milk IMF
 81 Source: Nielsen MBS retail measurement service: mother and baby stores only retail sales (by value); management estimates used to extrapolate into FY26

Our China strategic partners are key to enabling portfolio expansion



- **Strong partnership formed in China with CNADC** and through its subsidiaries, China State Farm and China Animal Husbandry Group



- **China State Farm has been our strategic logistics and distribution partner** in China since 2013 as our exclusive import agent for our China label IMF products



- **Recent MVM acquisition has initiated a relationship with the China Animal Husbandry Group**, who retains a 25% interest



- **a2MC has a 19.8% share in Synlait**; Bright holding a 39.0% share
- **Foundational IMF partnership since 2012** and supply rights for defined IMF products into ANZ & China
- Work to progress **re-registration of our China label product is on-track**, targeting **SAMR approval in late 2022** with **new product in market in early 2023**

Our CL IMF strategic priorities

Ambition	To be a top-5 CL IMF brand in China						
Strategic priorities	¹ Continue to invest in & nurture our brand Evolve a2MC brand promise and establish clear positioning with consumers and trade	² Achieve full potential in key accounts Optimise marketing, strengthen joint business planning, and deploy “best practice” across more chains to improve LFL growth	³ Capture opportunity in lower tier cities Further develop distributor network and deepen investment in higher priority areas	⁴ Accelerate online growth Further increase capability online, including omni-channel management and social/digital media strategy	⁵ Broaden our IMF portfolio Address untapped consumer segments and broaden distribution footprint with wider product portfolio		
Measures of success	Achieve top quartile awareness whilst maintaining strong trial and loyalty metrics		Expand footprint to 30-35K stores (~50% WD), with positive LFL growth		Outperform in DOL, with higher DOL share than MBS		Achieve total CL share of >5%
Enablers	Relentless commitment to highest quality product and safety standards	Expand China market access with additional registrations	IMF innovation capability and supply chain	Continued management of sales channels and inventory	Maximise impact from marketing investment	Leverage data and analytics to drive continuous improvement	

Key takeaways



While the **China IMF market remains the biggest, most premium IMF market in the world**, current and near-term headwinds are making growth challenging



Overseas manufacturing is no longer a primary decision driver for consumers. Instead, **consumers are looking for brands that resonate and have a distinctive product proposition**



Once consumers become aware of our brand, **we have category-leading brand health metrics** and, combined with our relatively low CL market share, we are confident that **significant opportunity remains for us in China**



We have identified how to deliver this opportunity, across different city-tiers, channels and through development of our brand and product portfolio



We will increase our level of investment and are confident in our team and ability to achieve **our full potential in China**



A young child with short brown hair is shown in profile, drinking from a clear glass filled with white milk. The child is wearing a light-colored t-shirt with blue horizontal stripes. The background is a bright, sunny outdoor setting with a green lawn and a white building with columns, possibly a house or a school, out of focus.

ENGLISH LABEL

Yohan Senaratne (Executive General Manager – International)

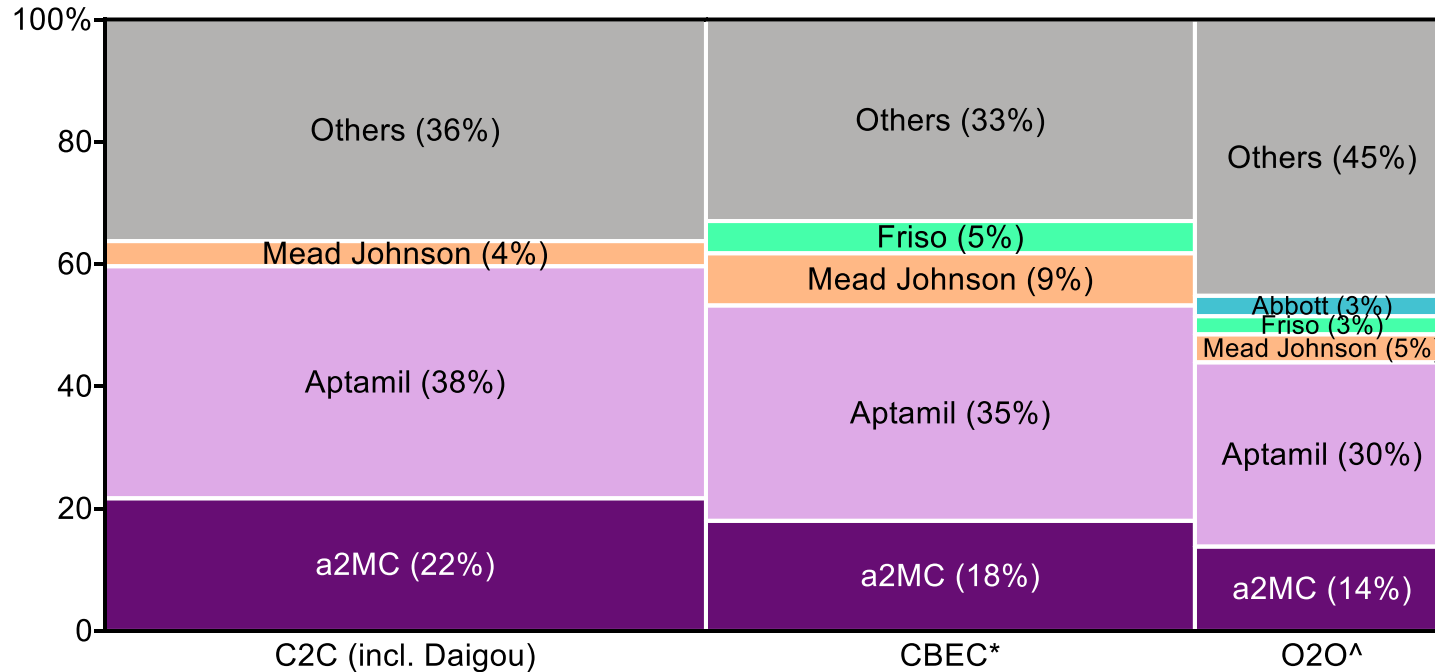
Summary of key messages

- 1 The EL market is more than just daigou and CBEC and, critically, it has developed well beyond the traditional “suitcase trade”.** The “daigou” channel is more appropriately described as a “reseller network”, referencing the complex routes-to-market developed to supply Chinese consumers with EL IMF. These include developing direct e-commerce platforms, leveraging existing C2C and B2C e-commerce platforms, pioneering development of O2O channels, as well as providing drop-ship services to “closed network” C2C sales (e.g. conducted via WeChat)
- 2 EL channel disruptions during FY21 had a profound impact on our business, prompting us to take significant steps to reduce inventory build-up.** Pleasingly, these efforts are yielding results with improved EL pricing, increasing demand, improved brand health and a more optimal sales mix across stages. We remain confident that we have a compelling IMF proposition for consumers seeking a premium brand, high quality product, at a more accessible price point, and this is demonstrated in our consumer tracking
- 3 Outside of the inventory write-down, we are taking other measures to support EL recovery:**
 - Improving our ability to manage inventory in the channel in the future, enabled by traceability
 - Actively working to increase brand support to the reseller network, and incorporate EL into our China marketing
 - Increasing focus and investment in other EL routes-to-market (including O2O)
 - Working to simplify and increase control over distribution and “get closer” to our consumers
- 4 We are also reviewing opportunities for growth through an expanded portfolio**

EL market is significantly more consolidated than the CL IMF market

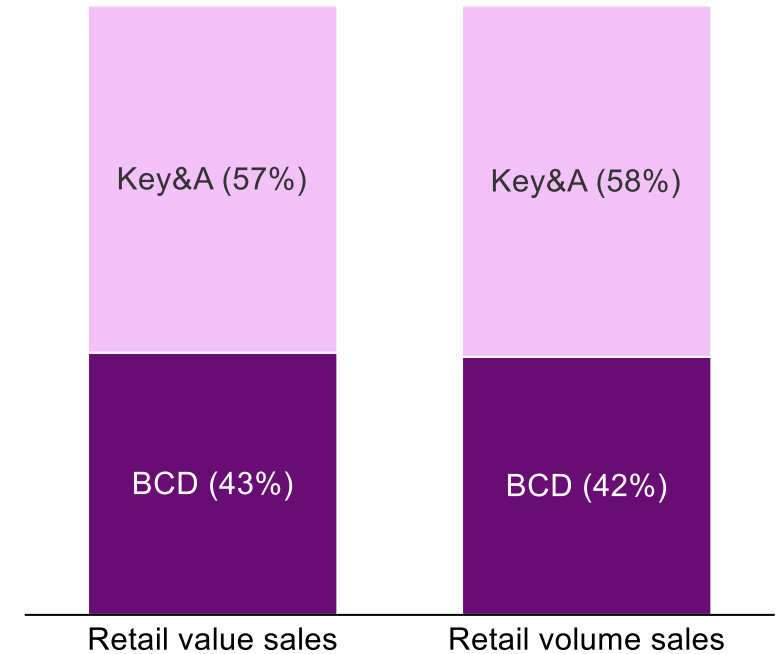
Estimated breakdown of EL IMF channels in China market

China EL IMF market value
(retail value sales, MAT as at 21P6)



Estimated EL geographic split

EL IMF sales in China
(MAT as at 21P6)



*Note: There are variations between CBEC data shown here from Kantar and Smartpath. Kantar data has been used here for a single-source view of the EL IMF market. Smartpath CBEC MAT value share as at end of FY21 was 21.1%

^Note: Due to the lack of clear channel definition between O2O/C2C (incl. Daigou)/CBEC, O2O sales may also be captured in C2C (incl. Daigou) and CBEC channels

Source: Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities) for the 52 weeks ending 18 June 2021

Different EL channels play distinct roles



Image building & price anchor

Brand equity showroom with official market content, guaranteed authenticity and price stability



Traffic & volume contributor

Sales booster channels with high traffic, large consumer bases and large basket sizes



New user reaching / endorsement

Awareness building channels with targeted consumers and rich content, but **not typically sales conversion channels**



New user sell-through

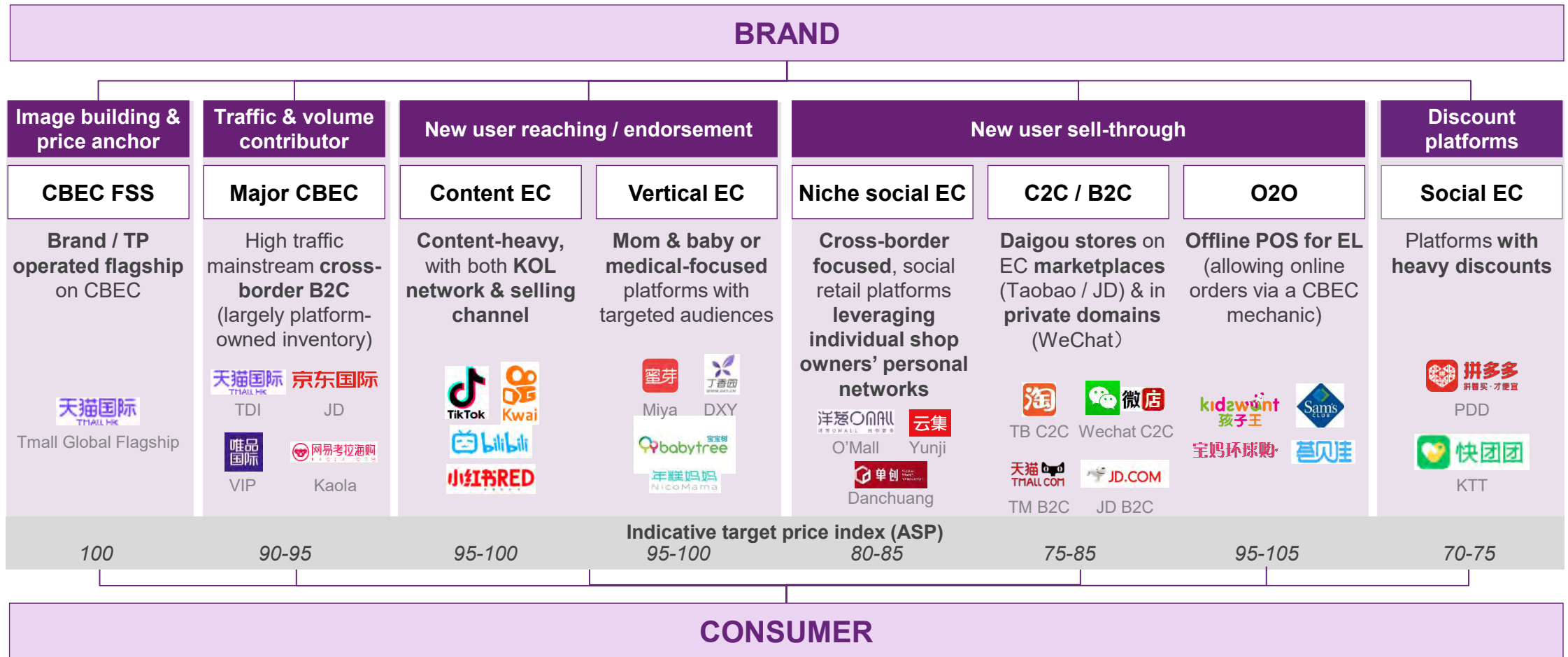
Awareness building channels with effective education / word of mouth as well as **high sales conversion**



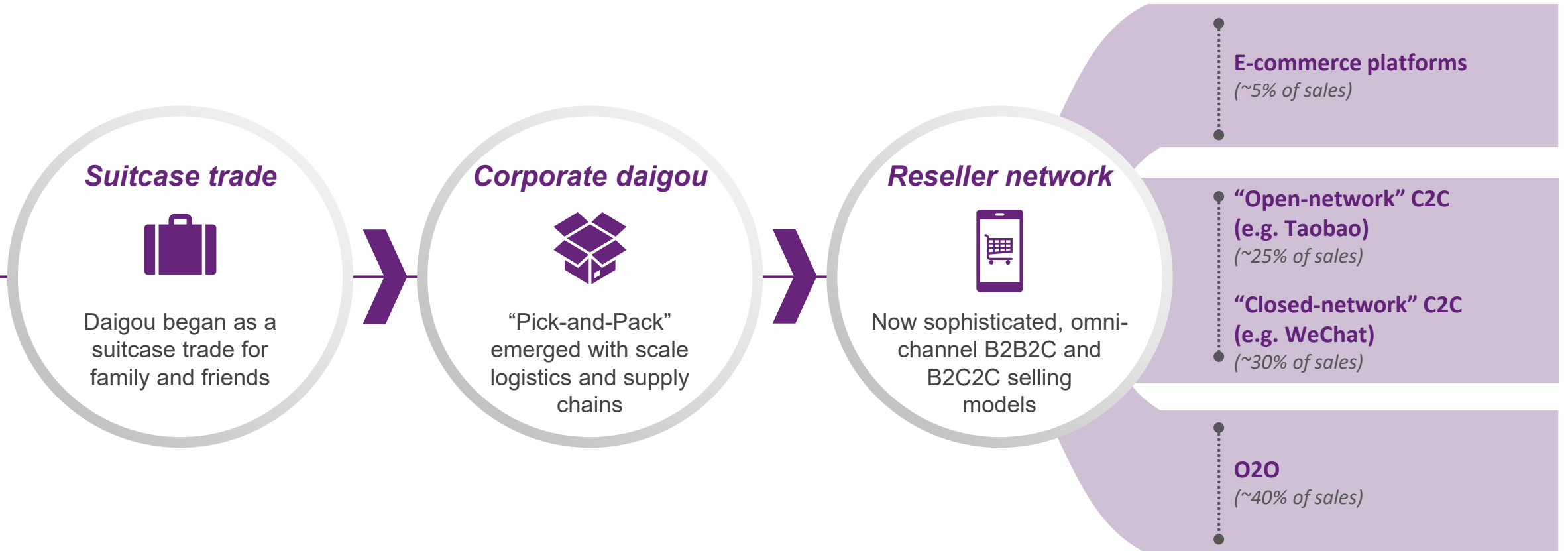
Discount platforms

Discount platforms with volatile pricing and sales trends

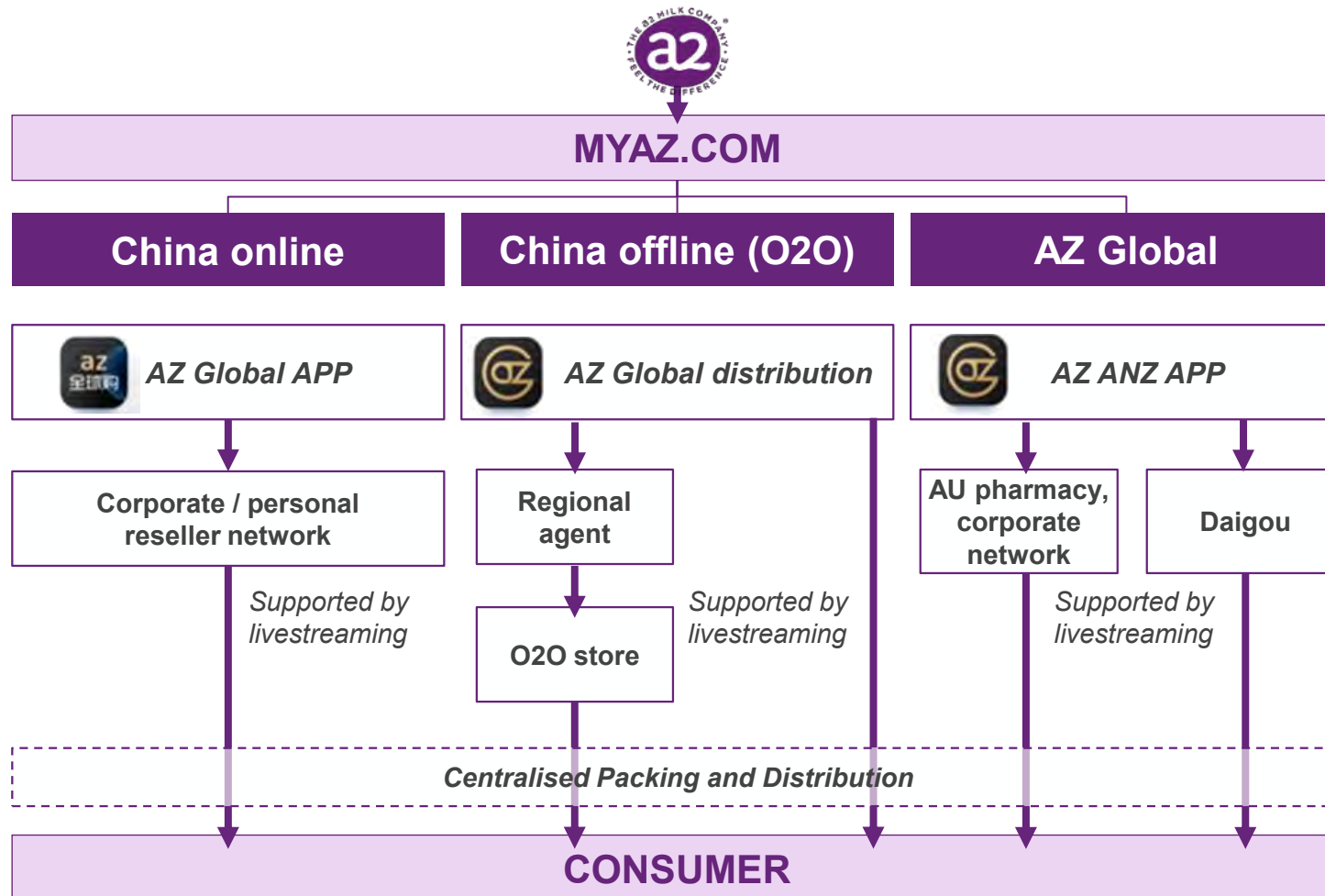
EL routes-to-market are complex and rapidly evolving



The daigou channel has itself evolved from the traditional “suitcase trade” to a sophisticated reseller network



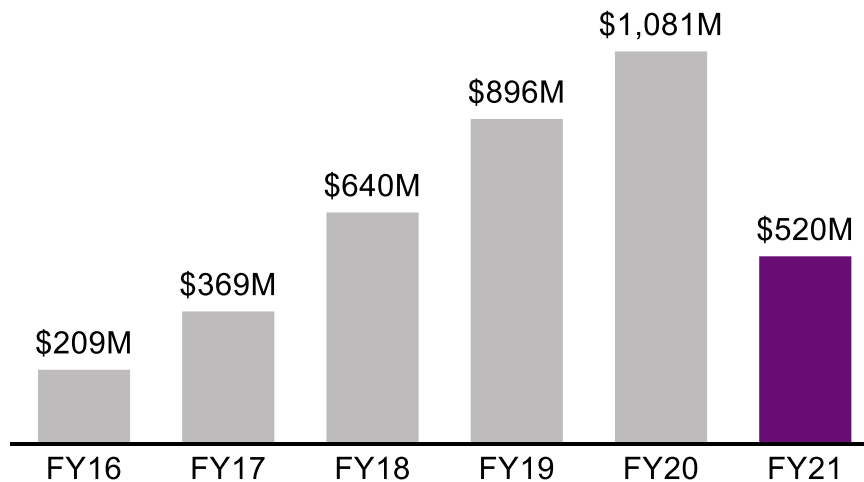
Case study: MYAZ.COM comprises an e-commerce sales platform, C2C sales enabled by digital applications as well as O2O



Example: O2O store activation

Market disruption has had a profound impact on our business in the past year

English label IMF revenue (NZD)



Kantar C2C (incl. Daigou) value share

Kantar O2O value share

Smartpath CBEC value share

	FY18	FY19	FY20	FY21
Kantar C2C (incl. Daigou) value share	Data not available			
Kantar O2O value share	19.5%	24.3%	22.5%	
Smartpath CBEC value share	Data not available			
	12.0%	19.0%	21.7%	21.1%

Commentary

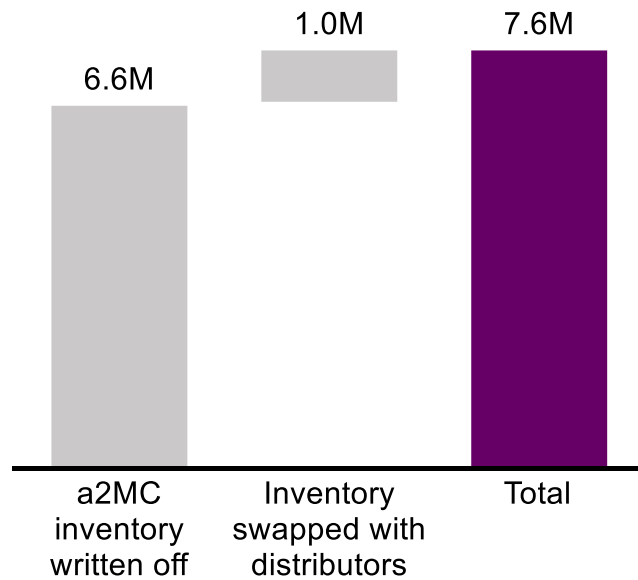
- In FY21 there was significant disruption to cross-border trade which had a profound impact on the Company's results
- a2MC was impacted by a significant decline in cross-border English label IMF and other nutritional sales through reseller channels
- Decline in market shares has been more modest, with C2C value share declining by ~2%pts, and CBEC value share declining by 0.6%pts
- This is because reseller network sales were impacted by a channel reduction (40-50% decline), and CBEC sales were down as a result of cycling a high comparative period and as a result of the actions taken in 2H21 to rebalance inventory within the channel

Source: a2MC internal data; For CBEC data: Smartpath China IMF online market tracking: for cross border e-commerce platforms only retail sales (by value); For Daigou/C2C and O2O data: Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities)

We have taken significant steps to reduce inventory build-up which has improved freshness and EL market pricing

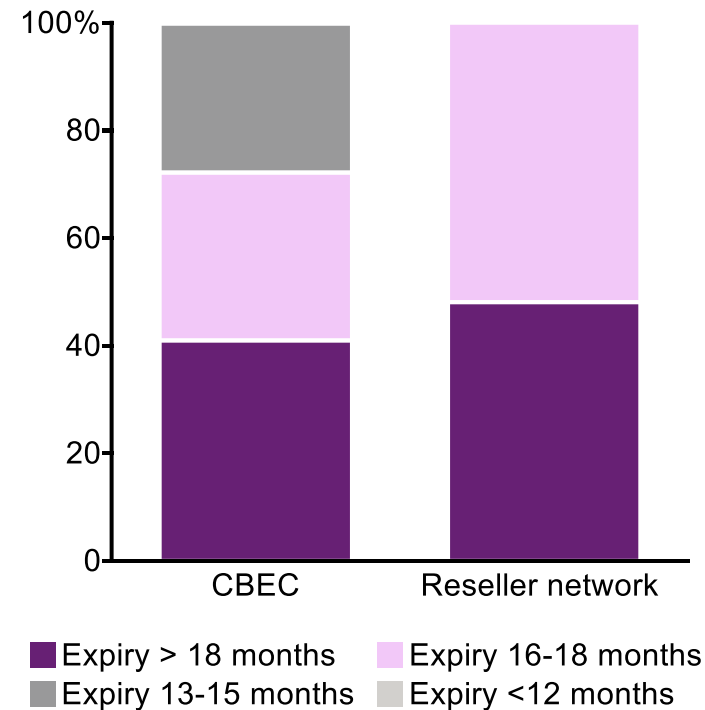
EL inventory written down to reduce stock in supply chains

EL inventory units; millions



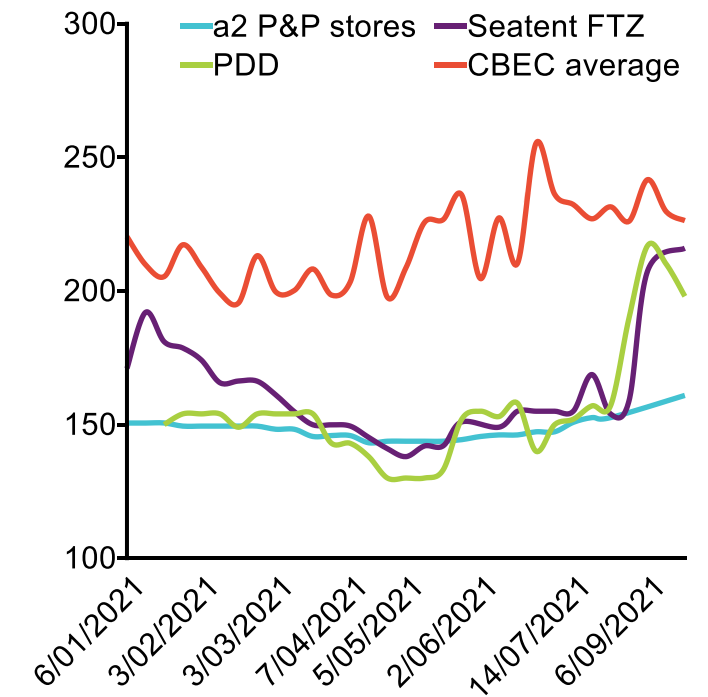
Freshness has improved

Distributor inventory holdings by age profile (Aug 21)



EL prices have also improved

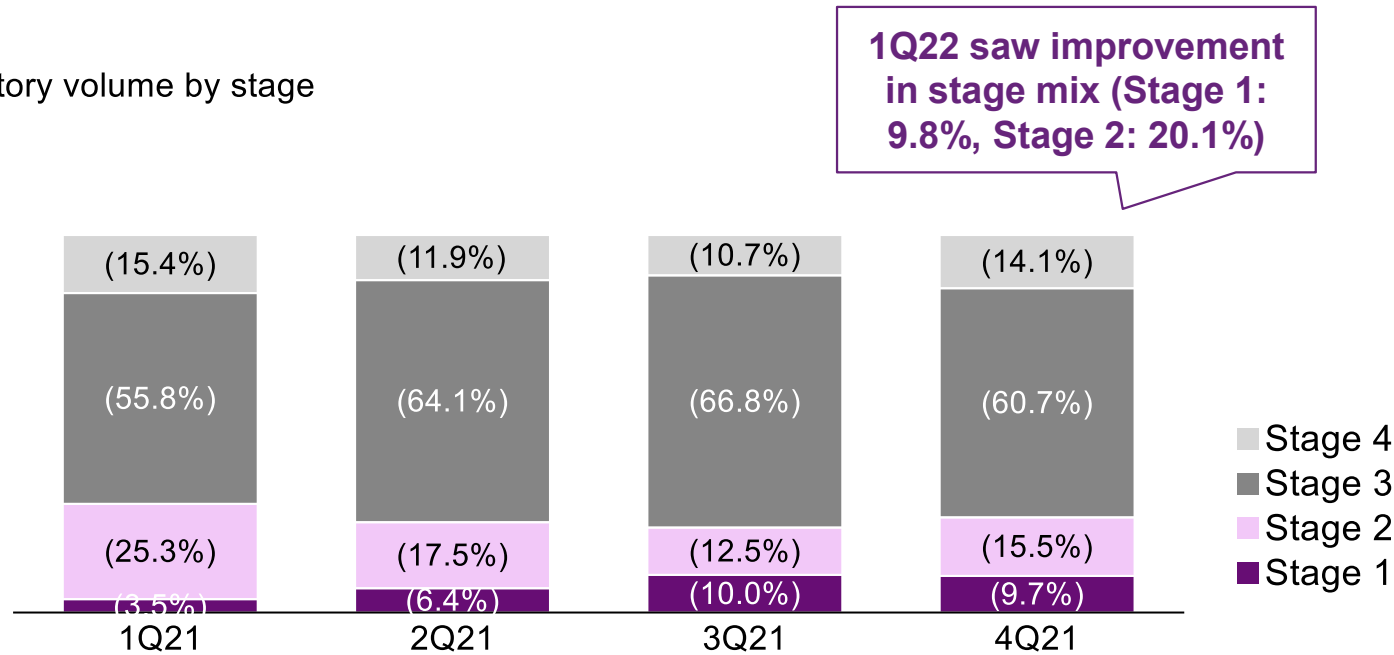
Stage 1 RMB/tin



93 Note: CBEC average price calculated excluding Pinduoduo; Inventory written off reflects EL only
Source: a2MC internal data, including data collected from distributors and from publicly available EC platforms

Disruption evident in our sales mix; some improvement can be seen in 1Q22 although this has not yet been reflected in our share

a2MC ex-factory volume by stage



1Q22 saw improvement in stage mix (Stage 1: 9.8%, Stage 2: 20.1%)

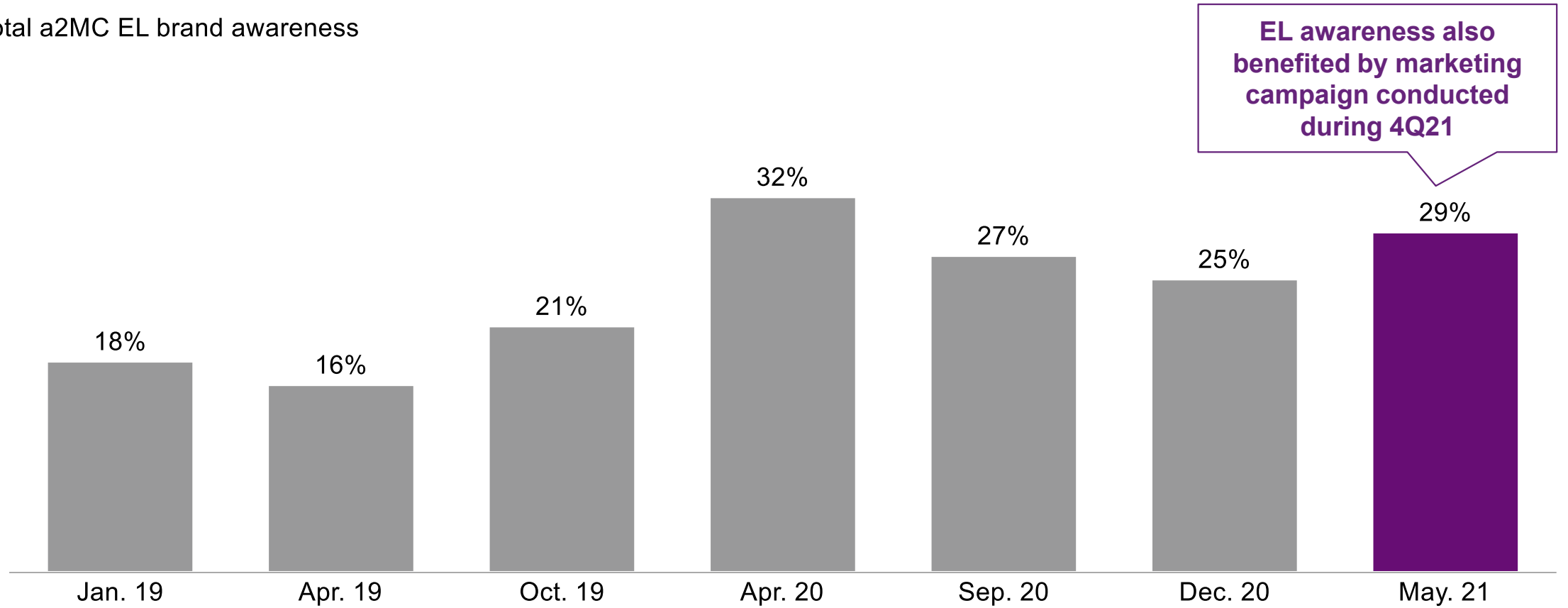
Commentary

- In addition to addressing inventory build-up, we are also increasing brand-building efforts in EL channels, including providing more reseller network content support, and stepping up investment in new user recruitment activities on CBEC
- Key focus is working towards consistency of brand messages across channels

Total EL MAT value share	23.1%	22.0%	22.0%	20.3%
Stage 1 MAT value share	23.1%	22.8%	22.0%	19.0%

EL disruption also visible in brand health; recent tracker suggests improvement

Total a2MC EL brand awareness



Consumer research confirms the unique role EL plays in our portfolio

a2MC CL users' rationale for purchase:

- The **A2-protein leader**
- **Premium lactoferrin** for immunity (designed for Chinese babies)
- **Highest quality and natural** New Zealand milk source
- Easy to find and explore (face-to-face information)
- “Only the best” – a necessary step-up from EL

“A2 leader designed with lactoferrin to be the best”

“*The Chinese label formulation is better for the baby than the English label; it designed with premium lactoferrin which is for immunity and strength.*

Shanghai mother, 2021

a2MC EL users' rationale for purchase:

- **Brand buzz** and “Hermes” status
- **Imported** New Zealand quality milk source
- The **A2-protein leader**
- A “smart” choice – do not see “just lactoferrin” as a reason to justify a price increment

“a2 as a brand is already premium and trusted”

“*a2 is already a good enough product. I don't really see why just having some lactoferrin being added would mean it is that much better.*

Shanghai mother, 2021

Traceability measures will further enhance our channel management

Introduced QR code technology, unique to each tin



Activating functionality in FY22 to support channel management

- **Traceability at tin, carton and pallet level** from manufacturing through to distributor sale
- **Monitoring program** for product sold across authorised channels
- **Introducing scanning technology at first-tier distributors** to increase visibility through the supply chain and channels
- Traceability-enabled product in CBEC currently being sold into our authorised distributors and platforms via Hong Kong and this will be **available in reseller and other EL channels during 1H22**

Actively working to increase support to reseller network

Increasing reseller support

- **Upgrading content and other brand assets** to be used across CBEC and reseller networks
- **Expanding team resources to provide direct channel marketing support** to reseller networks
- **Reviewing ways to leverage China in-market investment** to also promote EL IMF sales
- **Integrating English label images** in China ATL campaigns to provide further brand building support to reseller networks

Example content support provided to resellers

Integration of EL IMF in China OOH



Provenance video created as content support for resellers



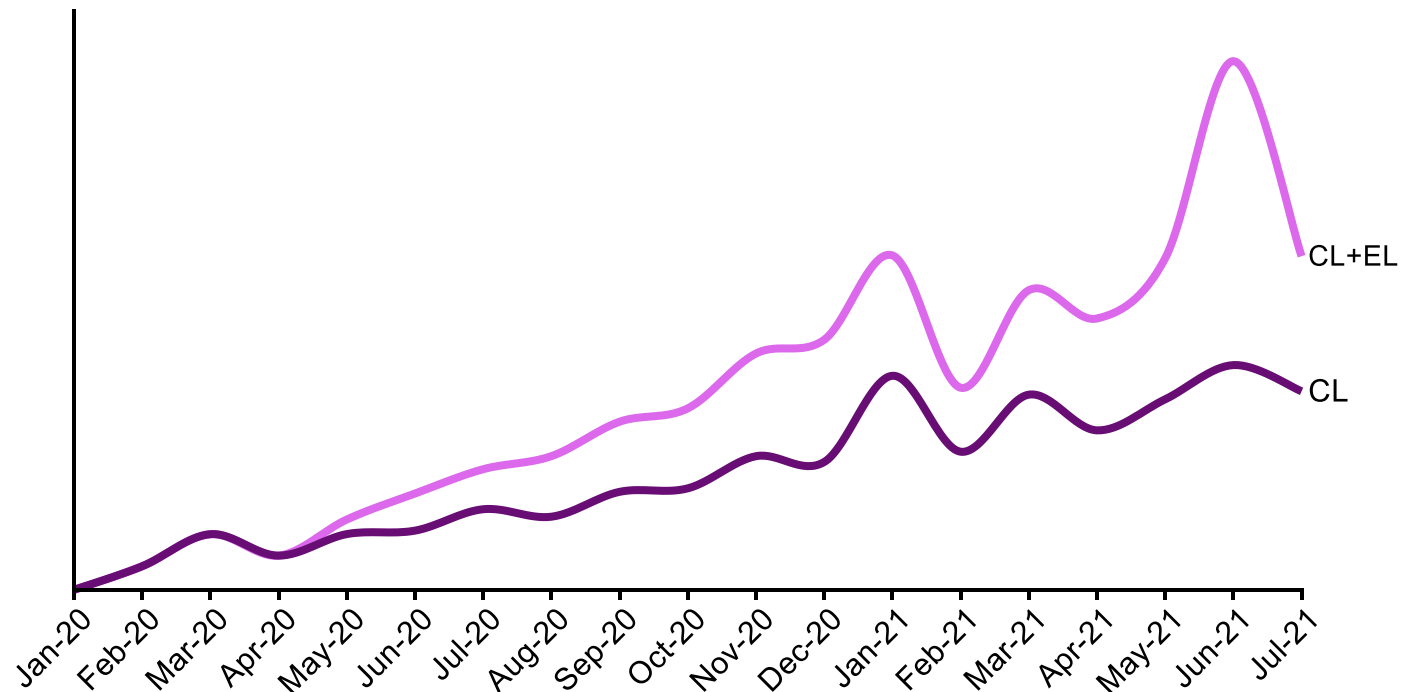
Increasing our focus and investment in other EL channels

Investing further in O2O

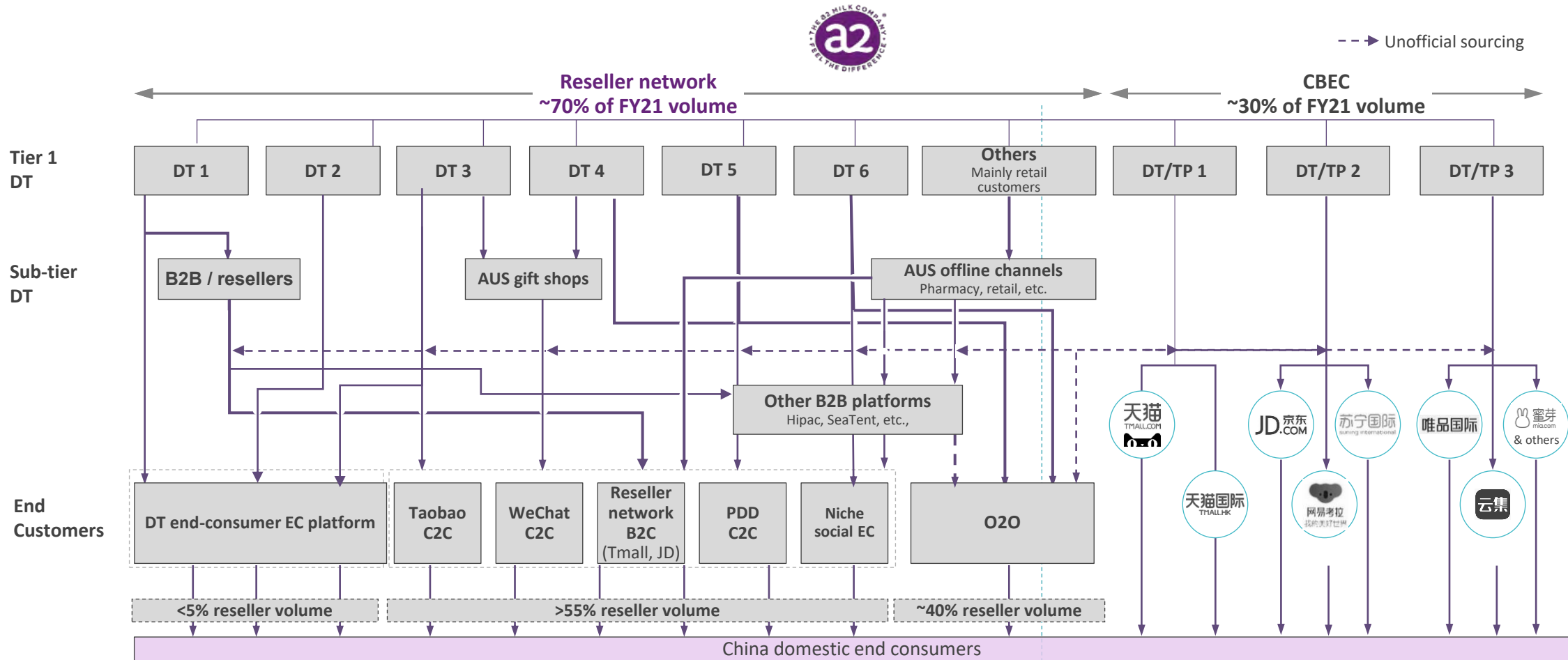
- Opportunity exists to leverage offline stores as EL "showrooms" for purchase through CBEC (O2O)
- O2O provides a good mechanism to increase awareness of a2MC's lower-priced EL product amongst consumers in China
- Pilot studies suggest that growth is incremental, with limited cannibalisation of existing CL sales
- We are increasing resources to expand the brand-led O2O rollout

Case study: Introduction of EL at major retail chain in China

a2MC monthly retail sales volume (tins) indexed



We are working to simplify and de-layer our current EL RTM, which is complex and limits visibility over, and engagement with, end consumers

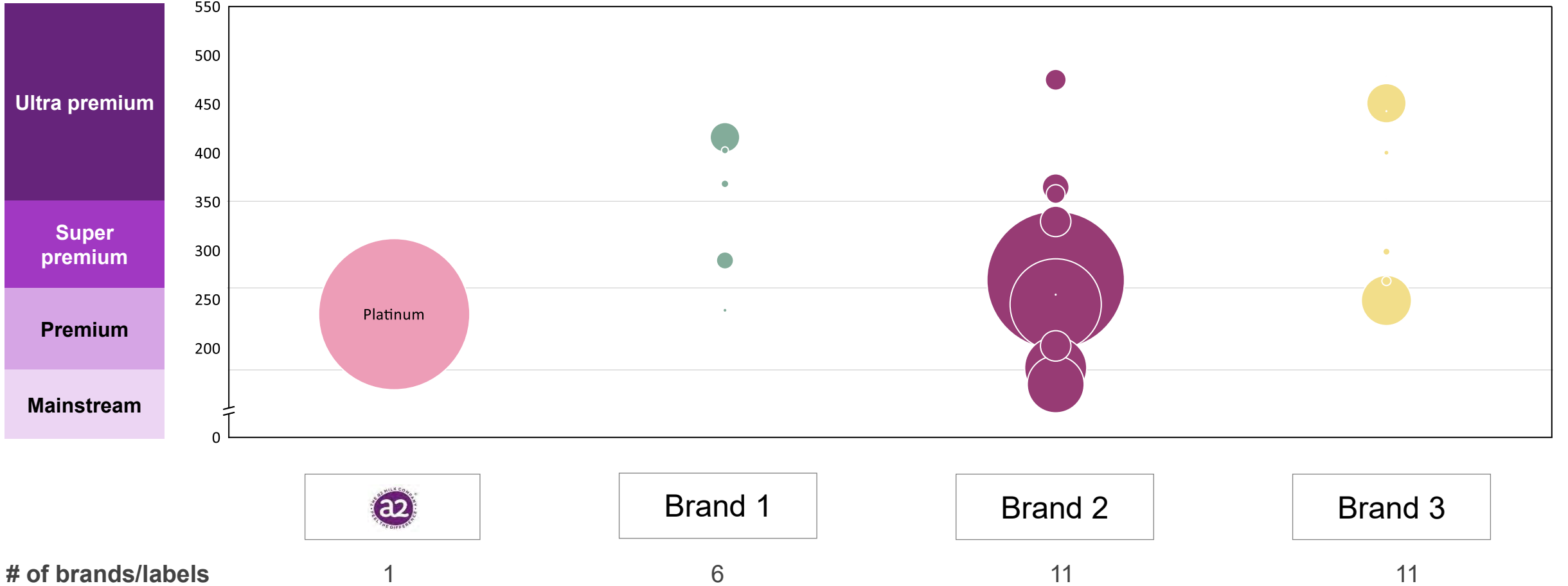


We are also reviewing opportunities for growth through an expanded portfolio

RRP / 900g tin per brand (EL TMALL, FY21, RMB)

EL CBEC** only (SKU non-exhaustive)

Bubble size: 2020 IMF retail sales



of brands/labels

Note: Price tier based on Stage 1 price: Ultra premium >390RMB/KG; Super premium 290-390RMB/KG; Premium 190-290RMB/KG; Mainstream <190RMB/KG; Using each sub-brand's stage 1 IMF original selling price from Tmall/JD, converting to price per kg
 101 Source: Internal analysis

Our EL IMF strategic priorities

Ambition	To be the no.1 EL product range in China						
Strategic priorities	¹ Maintain tight control of EL inventory across channels Continuously improve visibility of, and ability to react to, EL supply chain dynamics	² Remain the preferred brand for the EL reseller network Manage EL eco-system carefully and increase reseller marketing support	³ Accelerate online growth with omni-channel mindset Continue e-commerce capability build to recruit new EL users	⁴ Focus on developing O2O channel Leverage in-market China resources (team and marketing) to support brand-led and reseller O2O rollout	⁵ Broaden our IMF portfolio Expand portfolio with innovation and NPD		
Measures of success	Stable channel pricing		Leading flagship range and EL share >25%		30% of sales in Stage 1 and 2		Premiumisation of range with ongoing innovation pipeline
Enablers	Relentless commitment to highest quality product and safety standards	Continue team capability build	Effective cross-regional EL management	Reseller relationship management	Increase visibility through the supply chain	Maximise impact from marketing investment	Leverage data and analytics to drive continuous improvement

Key takeaways



EL channels have been disrupted across the industry



We are working to address a2MC EL challenges and improvements have already been seen in pricing, product freshness and sales mix



Our brand proposition remains compelling and brand health is strong



We are implementing actions to address our route-to-market and management model





ADJACENT GROWTH OPPORTUNITIES

Eleanor Khor (Chief Strategy Officer)

Outside our core, a2MC is considering other opportunities for growth



In China, we are expanding our portfolio into dairy-based nutrition for the whole family



Pre-birth

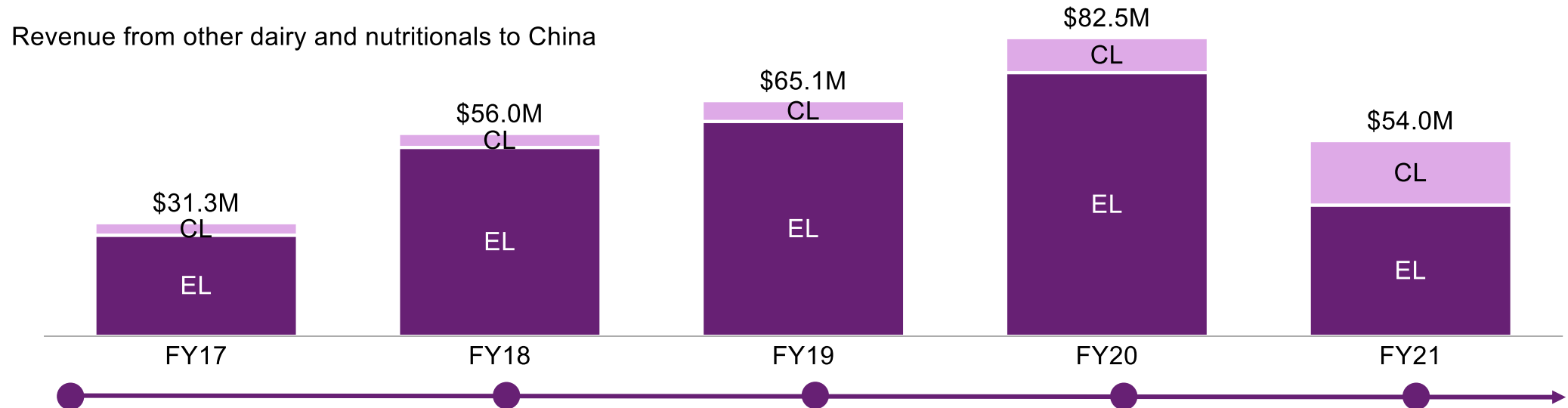
Infants and toddlers

Young children

Families

Targeting NZD ~\$200 million in sales growth from non-IMF product categories in China over time

There are proof points to suggest we can achieve meaningful scale outside IMF (although EL market disruption impacted FY21 performance)



Key milestones

- Early launch of whole milk powder, with EL launched in FY15, and CL launched in FY16
- CL fresh milk sales also commenced in FY15
- a2 Platinum® pregnancy formula initially launched in FY18 (and subsequently relaunched in FY20 as a broader concept of *Nutrition for Mothers™*)
- Launched EL Manuka Honey in Jun 2018
- EL *Smart Nutrition™* launched in FY19, with a CL version launched in FY20
- UHT pilot launched in FY20 to better understand opportunity
- FY21 saw the full scale launch of UHT as well as the introduction of CL skim milk powder
- FY21 sales impacted by reseller network disruption
- Relaunched EL Manuka Honey in Feb 2021

We are leveraging learnings to adapt our model to operate outside IMF



Building capability in modern trade is key

- Majority of non-IMF sales occur in the modern trade channel
- We have added distributors to support MT and in FY21, increased our adult milk powder distribution footprint by >3x



Need a new “playbook” to launch new products

- Precise targeting critical to recruit users into our ultra premium price points
- We are using "test and learns" to refine approach to winning users online, whilst leveraging IMF investment for offline sales



We are still testing our brand's ability to “stretch”

- As we enter new product categories, we must learn as much from what "is" working as well as from what "isn't" working
- We are applying learnings to inform our overall future innovation pipeline

Recent launch of UHT in China has exceeded expectations

- UHT was **launched in China in Oct 2020** both in-store and online
- Initial response has been extremely positive with **monthly sales volumes increasing**
- Key focus of the launch has been **building an online consumer base through digital marketing campaigns**
- Marketing campaigns have been **ROI positive**, with **average monthly offtake in online platforms up >500%** from a small base since investment began
- We **continue to review our supply chain** for best fit as demand increases



Expanding our portfolio in China provides opportunities to differentiate our IMF marketing for S3 and S4 and leverage “halo” benefits from our S3 strengths

- **a2™** conducted a **Trial Endorsement Amplification Campaign** in China in August 2021
- The purpose of the campaign was to **encourage fresh milk trial as a way to increase confidence in a2™ IMF** in China
- Given that a2™ IMF is fortified directly from a2 Milk™, parents in China have the opportunity to try the milk source for themselves



Outside China, we are also reviewing opportunities to expand into new markets

Leverage existing products



Use our **current product portfolio** to **enter new markets** (i.e. fresh milk, IMF, milk powder, UHT)

Choose the right route-to-market



Consider **different route to market options** to **access markets** (i.e. distributor-led, licence model, etc)

Invest selectively



Invest when there are enough “green shoots” to increase confidence in ROI of investment

We have successfully expanded into South Korea in close cooperation with YuhanCare acting as our exclusive distributor

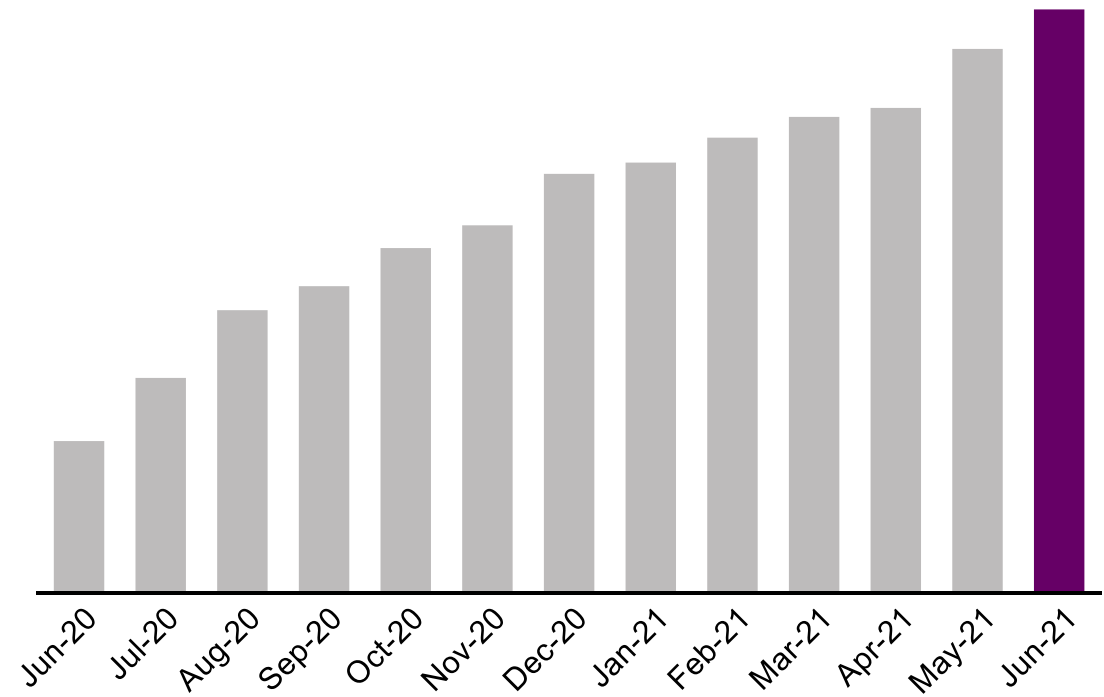
IMF-led launch into South Korea

- In December 2019, a2MC successfully launched **Stages 1-3 IMF in Korea** with our exclusive distributor **YuhanCARE (Yuhan)**
- At the end of FY21, a2MC had a **market share of ~3%** in the South Korea IMF market
- As a result, we have also successfully launched **a2 Milk™ skim milk powder (1kg)** and **a2 Milk™ UHT (1L and 200mL)**



Monthly IMF volume has increased

a2 Platinum® volume sold in YuhanCARE



Several markets have been prioritised for further evaluation



Vietnam

- **Rapid economic growth** is projected to bolster affluent population and willingness to pay for premium products
- **Vietnamese consume more dairy** than others in Asia-Pacific
- **Sizeable shelf-stable milk and IMF categories**



Indonesia

- **Affluent population forecast to grow** from ~12% to ~21% by 2030
- **Dairy increasingly associated with health and wellness**, and digestive health is a key consideration
- **Very large IMF market**, dominated by MNC brands
- However, regulatory environment more complex than other SEA markets



Malaysia & Singapore

- **Smaller than other SEA markets in region**, but high degree of affluence, especially Singapore, and large community of Chinese-Malaysians
- **High willingness to pay for IMF** (Malaysia and Singapore)
- **High modern trade penetration**
- Comparatively fewer regulatory hurdles

Targeting NZD ~\$100 million in sales growth from existing and new emerging markets over time

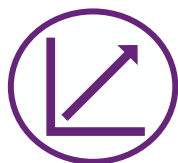
Key takeaways



We continue to prioritise core growth, with IMF to China remaining our biggest focus



A broader product range allows us to “grow-up” with existing consumers, leverage our brand to acquire new consumers, and bring further value to our retailer and distributor partners



A diverse set of geographies will set us up for “Horizon 3” growth – but we are pacing our expansion to primarily focus on our core growth engine of China IMF





ANZ

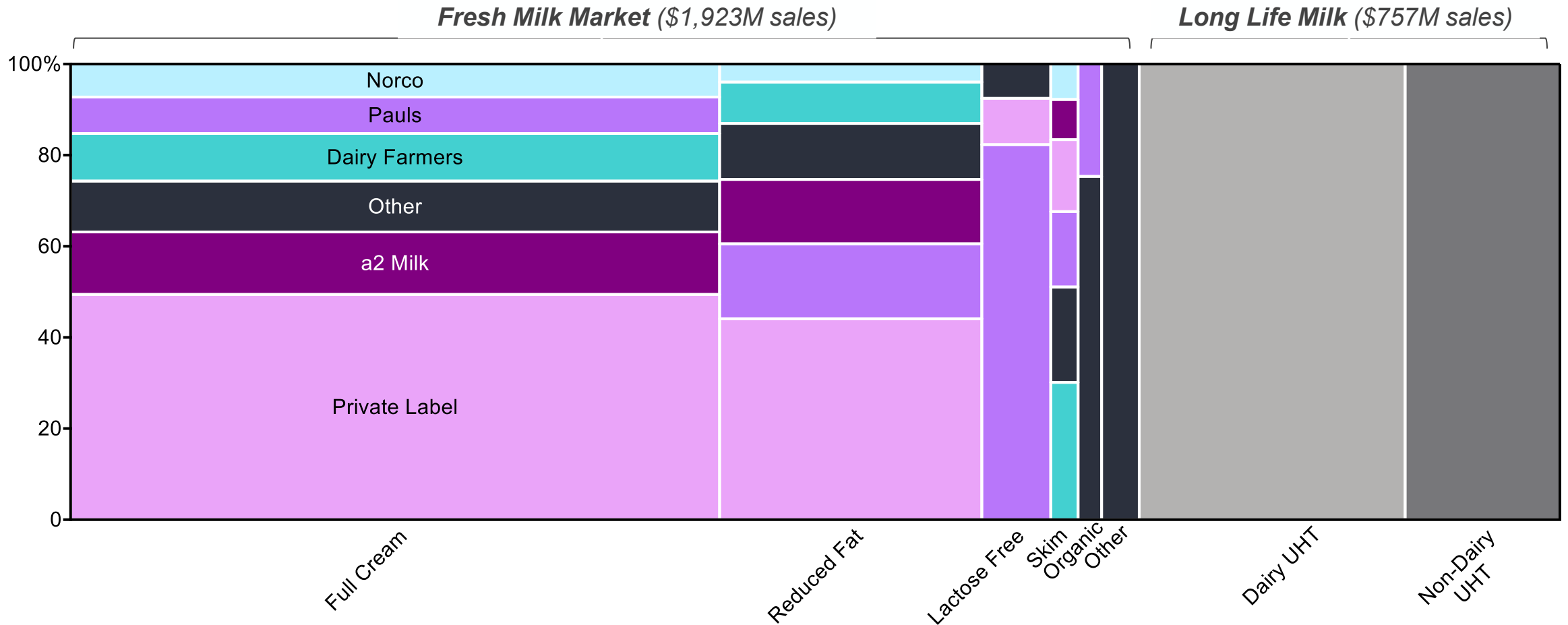
Kevin Bush (Executive General Manager - ANZ)

Summary of key messages

- 1 The Australian fresh milk market is mature**, with total volume declining over recent years and growth primarily in specialty segments
- 2 Despite overall market decline, a2 Milk™ has consistently grown ahead of the market**, resulting in significant market share gains
- 3 Growth enabled by ongoing investment in our brand**, leading to strong loyalty measures; however, new user recruitment remains challenging
- 4 With growing sales, we are investing to expand our manufacturing network** and increase our production capacity
- 5 We are also working on leveraging our brand strength into an expanded product portfolio**

Australian supermarket milk market consists of fresh milk and long life milk

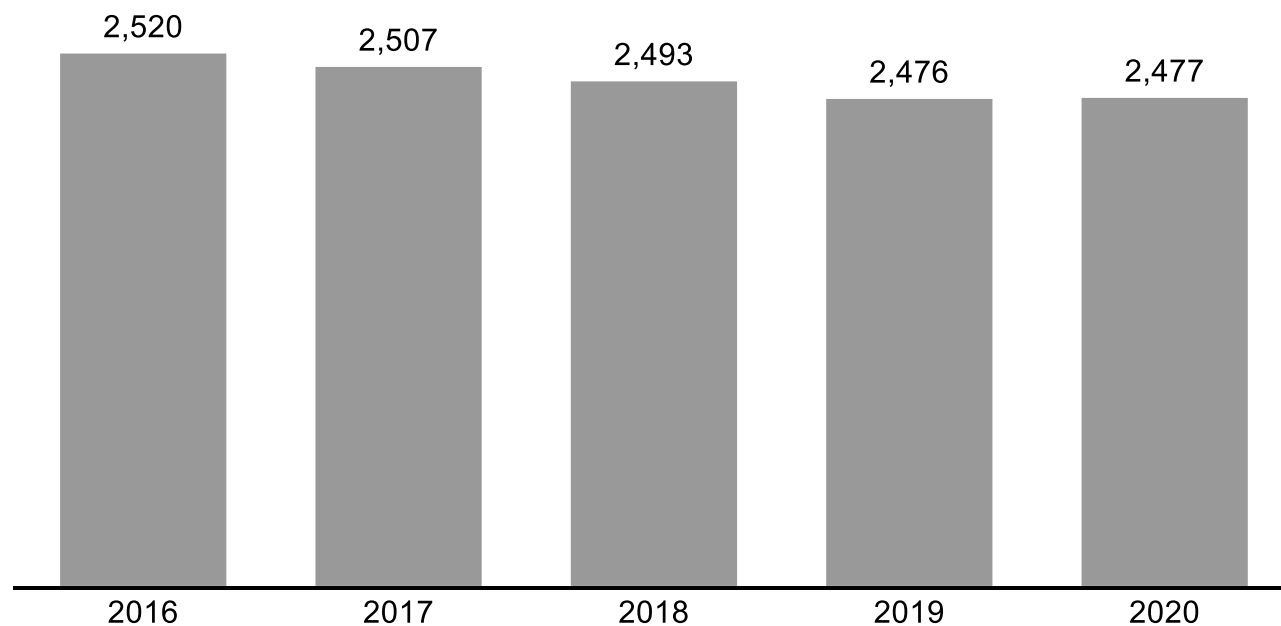
Australian supermarket milk FY21 retail sales (NZD)



The Australian fresh milk market has experienced some small declines over recent years

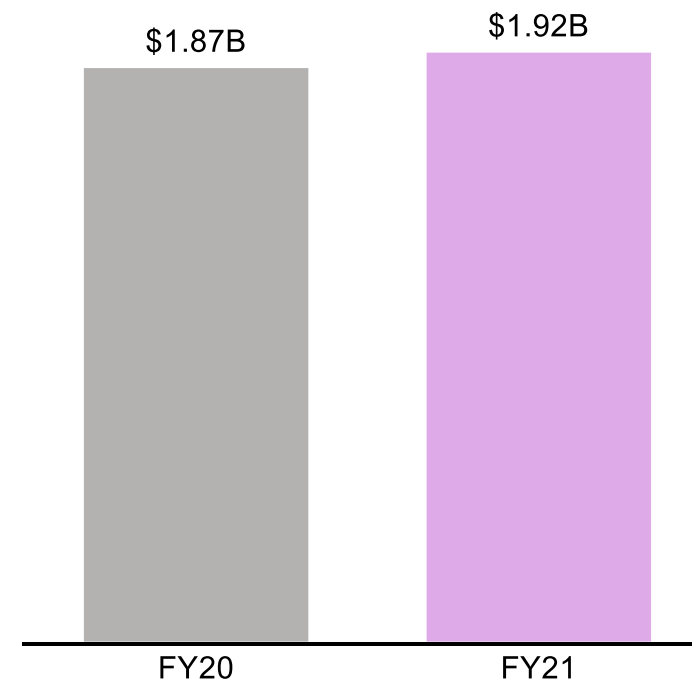
Overall, fresh milk volume in decline

Australian fresh milk retail volume (Million Litres)



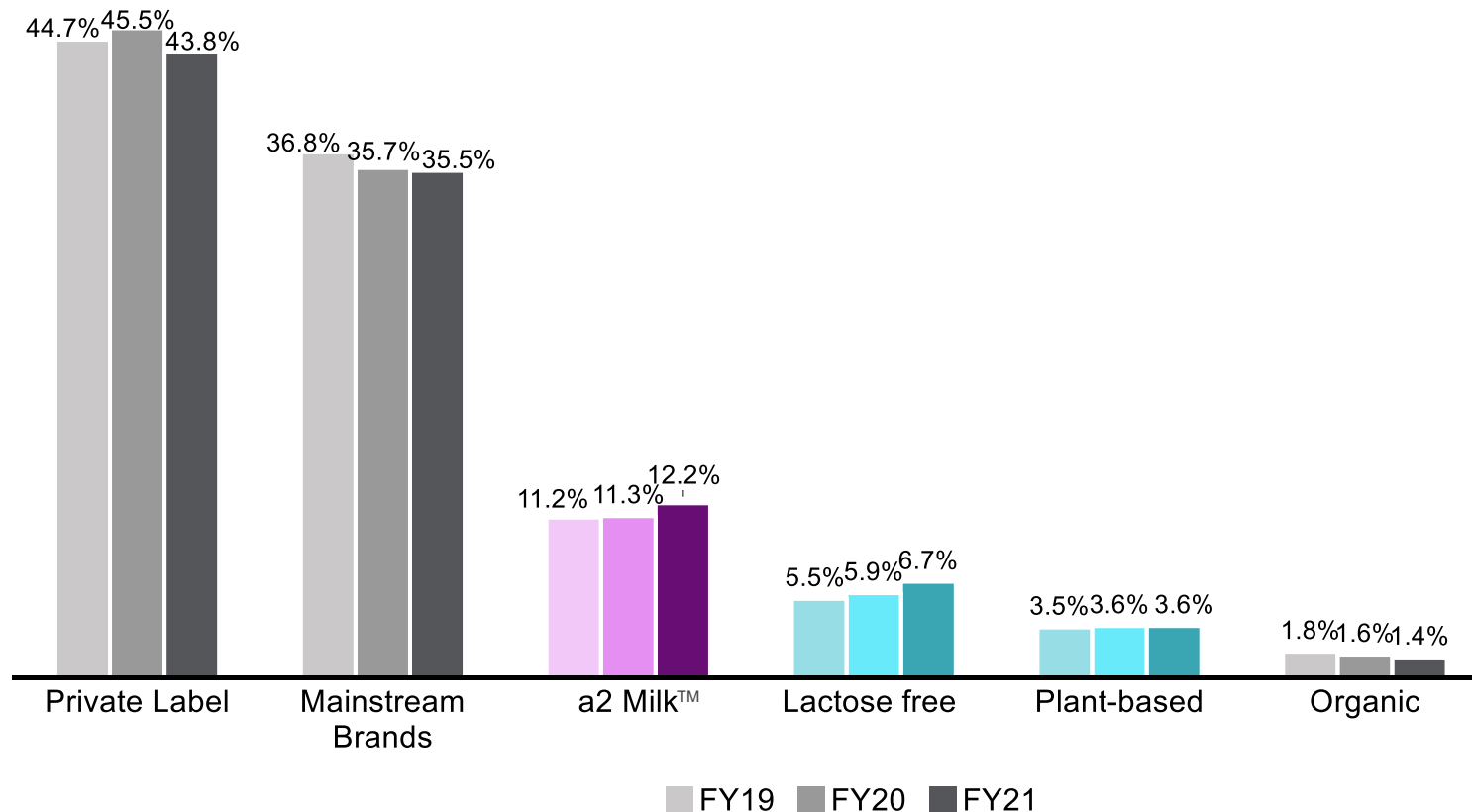
However, grocery sales up in FY21 due to COVID-19

Australian supermarket fresh milk retail sales (NZD)



a2 Milk™, plant-based and lactose-free have been gaining share

Value share of total Australian fresh milk and fresh milk substitutes market



Key consumer trends

Lactose-free milk

- Lactose-free growth driven by an **increase in the number of people being diagnosed** (self or medically-diagnosed) as lactose intolerant (+14.8% YoY) and **high price points**

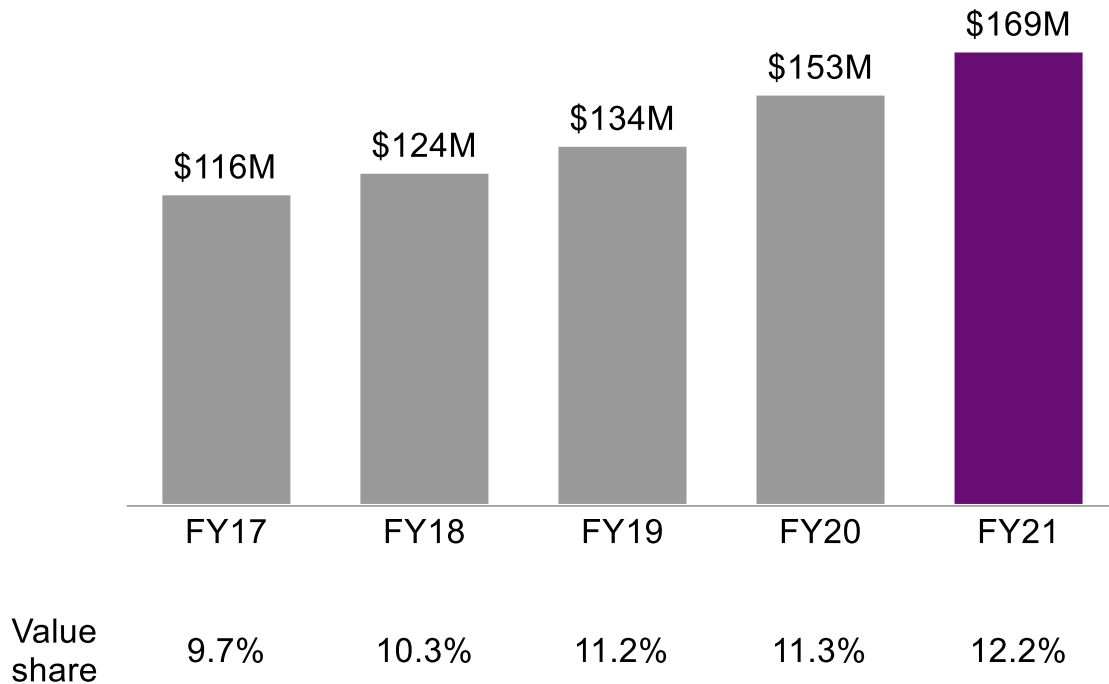
Plant-based milk substitutes

- Plant-based growth has been driven by **more consumers switching to plant-based milk substitutes** for proclaimed health and environmental benefits
- While almond and soy milk have been the key drivers of growth historically, **oat milk substitutes are becoming increasingly popular with consumers**

Our fresh milk sales have grown ahead of the market

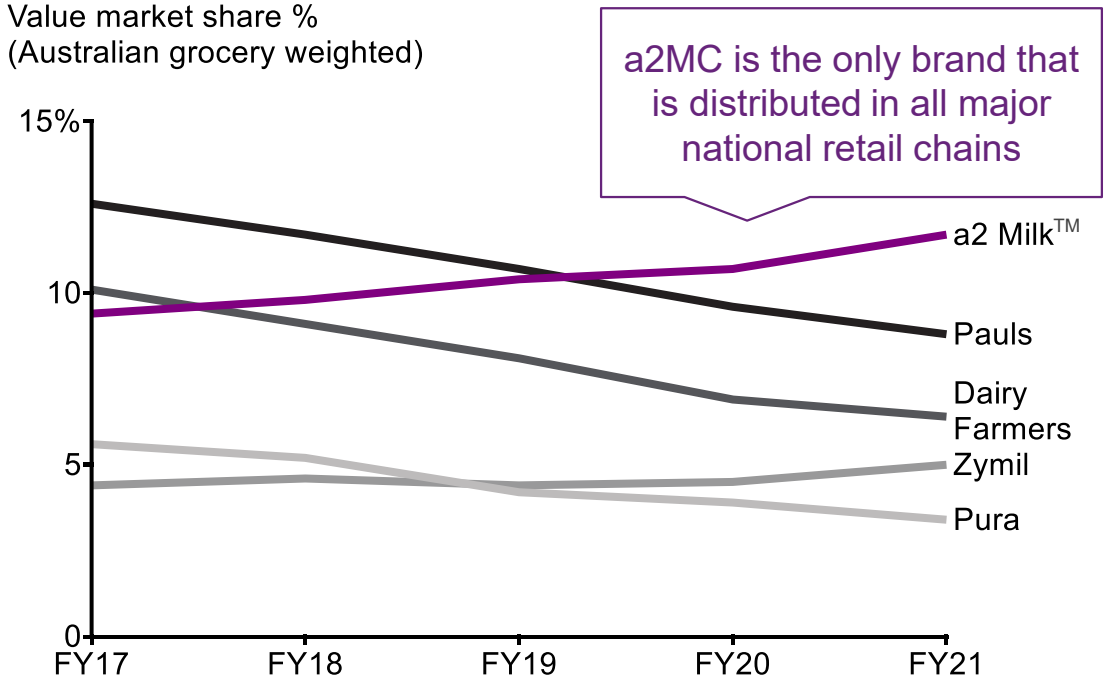
a2MC sales growth year on year

a2MC Australia fresh milk net revenue (NZD)



Resulting in significant market share gains

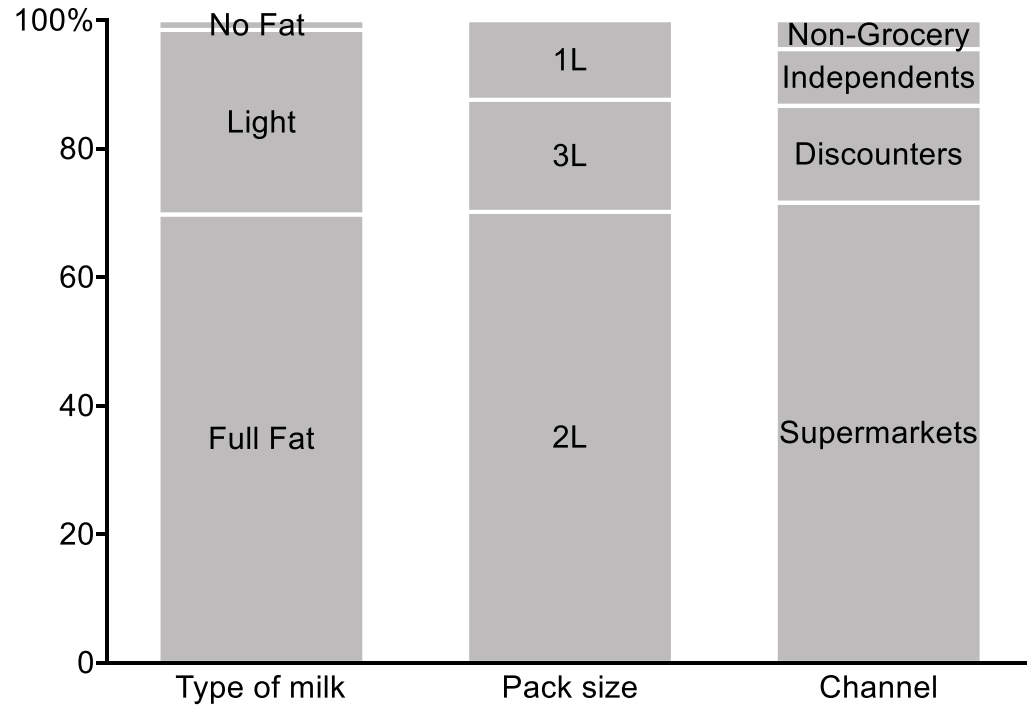
Value market share % (Australian grocery weighted)



Australian sales skew to the supermarket channel in NSW and VIC

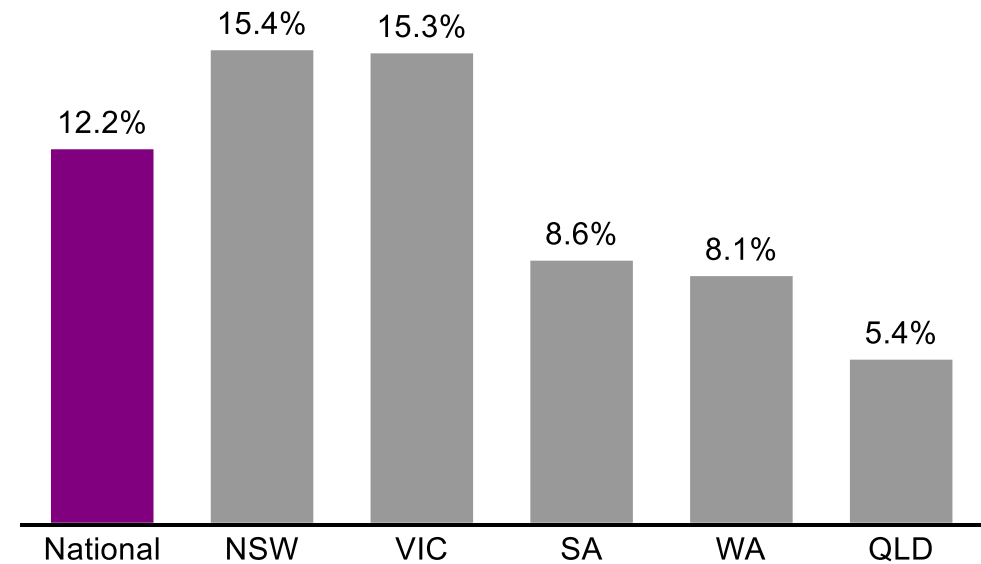
a2MC FY21 sales by type, pack, channel

a2MC FY21 sales by type, pack and channel



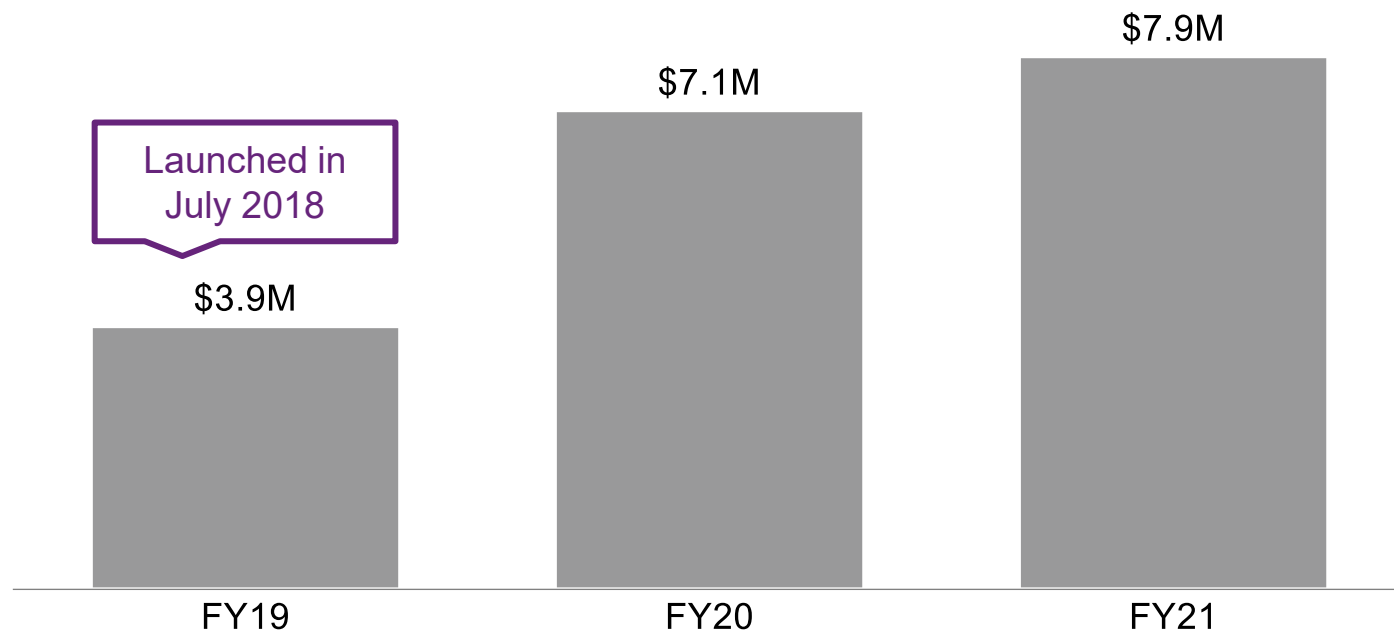
a2MC value share by state

a2MC FY21 MAT value share by state



We are also making progress in NZ with our licensed product to Anchor™

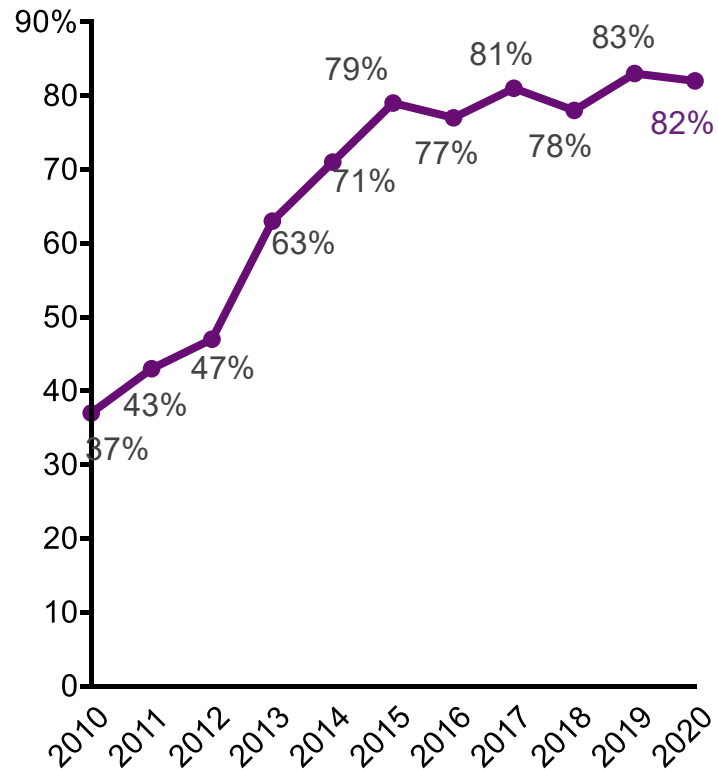
a2 Milk™ brought to NZ by Anchor™ retail sales (NZD)



Our brand health remains strong

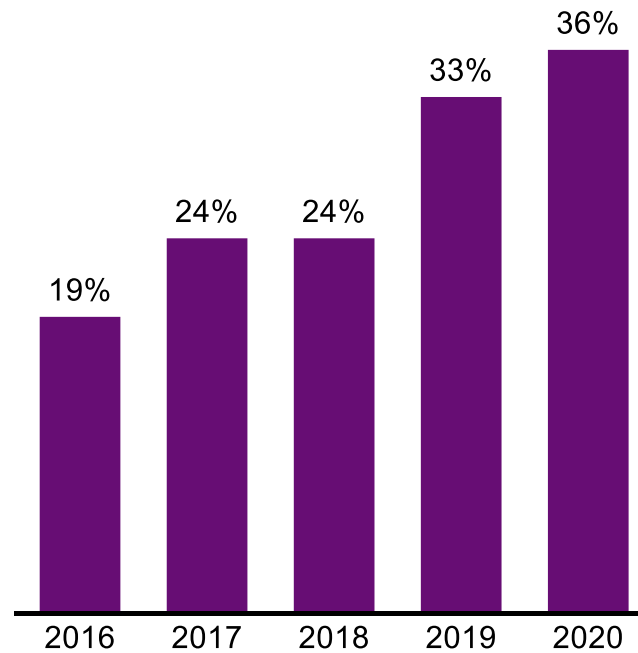
High brand awareness

a2MC prompted brand awareness



...and high brand loyalty

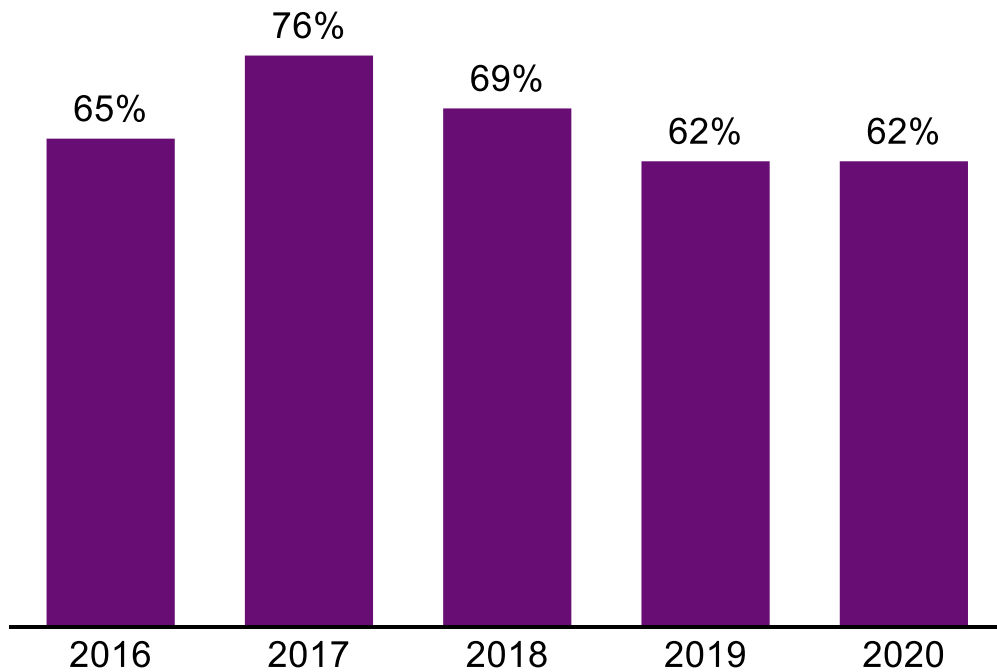
Brand loyalty (regular purchase for past 2 years)



We have a strong share of voice linked to ongoing investment

Our share of voice is high at 62%

Total a2MC share of voice



We continue to invest in key partnerships



We are investing to expand our manufacturing network

Smeaton Grange



- Smeaton Grange is a2MC's first liquid milk processing facility in our network based in New South Wales
- Smeaton Grange has a current capacity of 44ML/annum with a capex program underway to increase this to 60ML/annum by 2024
- This manufacturing facility alone supplies 29 of the 60 national customer DC's
- In FY21, solar panels were installed to increase the Company's use of renewable energy

Kyabram



- In September 2020, a2MC acquired the Kyabram manufacturing facility from the Kyvalley Dairy Group, a2MC's long-term fresh milk supplier in Victoria
- Kyvalley continues to operate the facility under a long-term operating lease with an associated long-term supply agreement in place
- Under the agreement, a2MC will be expanding and upgrading the Kyabram facility

We are reviewing opportunities to expand our ANZ product portfolio



We have recently introduced UHT into the Australian market



a2MC has recently **launched UHT a2 Milk™** in the Australian market



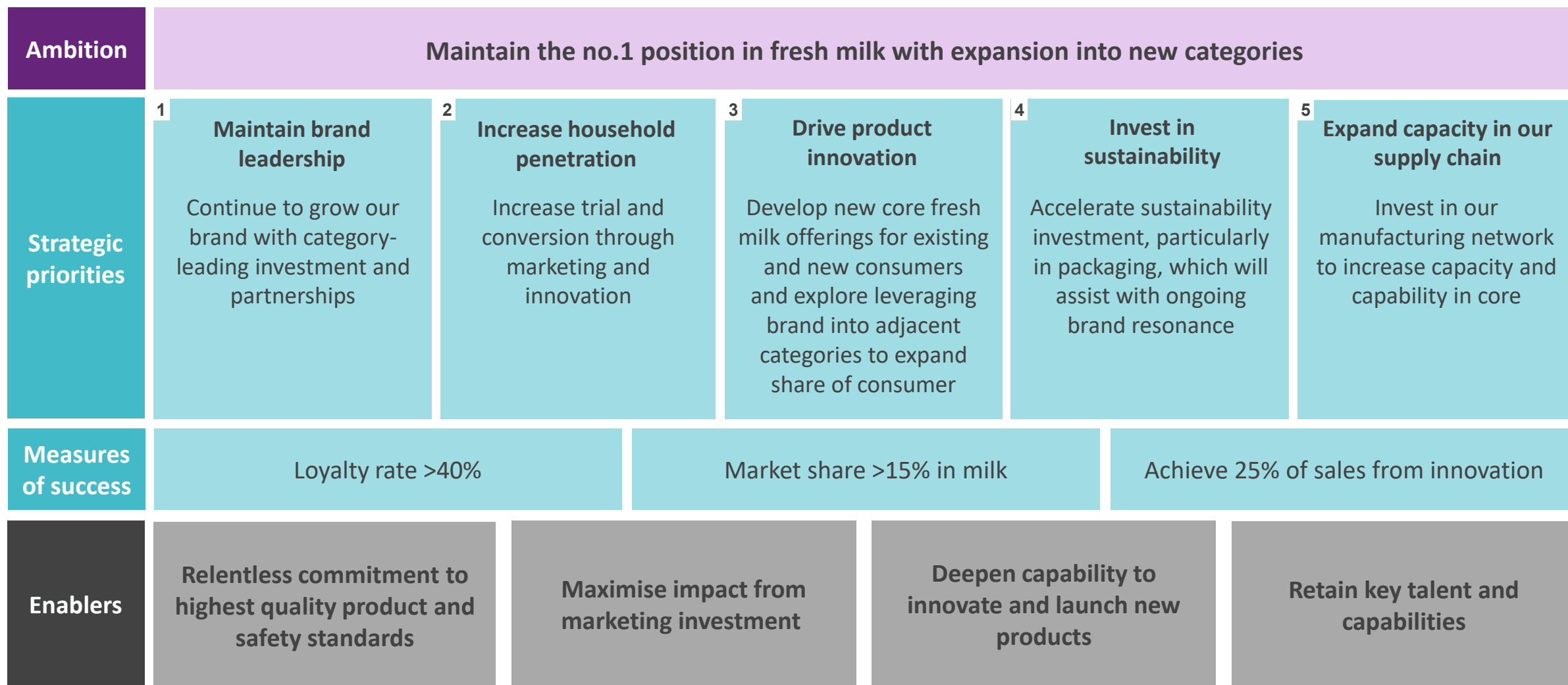
A **trial has been completed in a major retailer** with a bulk pack of 24x200mL



1L UHT a2 Milk™ has been presented to other major retailers and is **expected to be launched nationally in 1Q22**



Our ANZ strategic priorities



Key takeaways



We have a very **established and well-loved brand** in Australia



Our **production capacity is stretched** but we are investing in expansion



We have an opportunity to extend our brand outside our core fresh milk offer



Our new restructure will assist to **deliver on our full potential** in our local market





USA

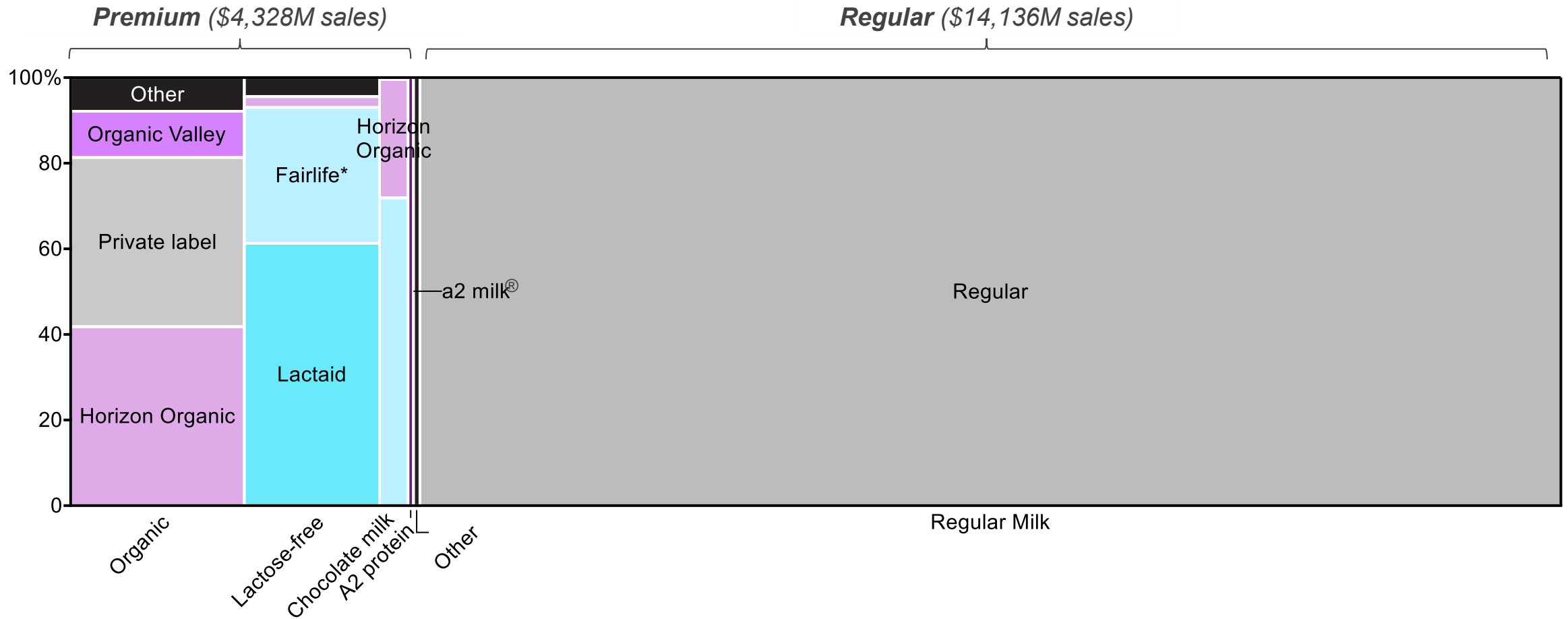
Blake Waltrip (Chief Executive – USA)

Summary of key messages

- 1** While the **USA has a very large premium milk market**, it is highly competitive and there are a number of scaled and well-known specialty milk brands
- 2** Our **liquid milk net revenue declined in FY21** following a shift in execution approach in response to COVID-19 market conditions (volume sales were +13% vs FY20)
- 3** We are approaching our optimal distribution footprint. However, **further investment in our brand will drive trial and household penetration** and in turn, increase velocities
- 4** We are also actively working to **innovate our product portfolio in core liquid milk and adjacent categories** to scale our business, with other opportunities existing to further expand our portfolio
- 5** **Participation in manufacturing over time will be an enabler** to improving margin and innovation capability

The USA premium milk market is large, with a number of scaled specialty brands

USA FY21 retail milk sales (NZD)

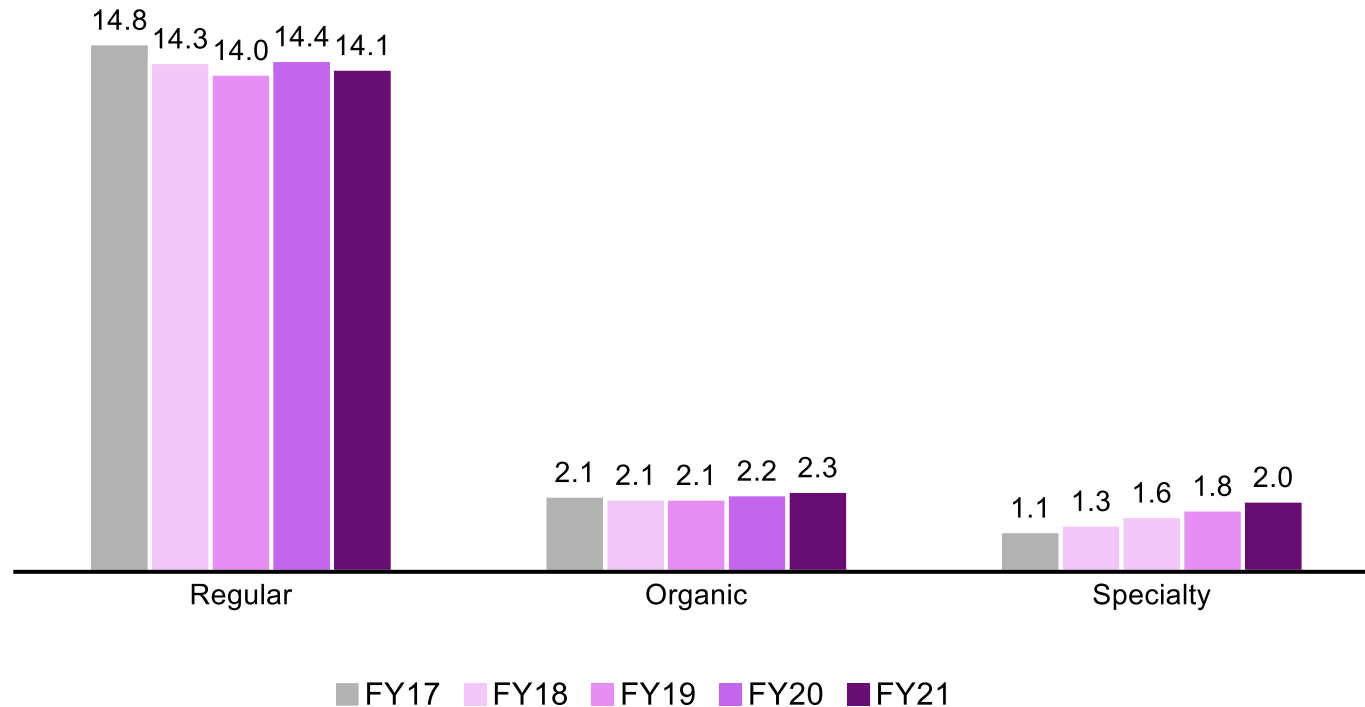


*Fairlife is lactose-free and ultra-filtered
Source: SPINS US MULO

The category is changing due to specialty players and shifting consumer trends

Regular milk declining except for COVID-19 bump and specialty milk growing

USA Milk Market (NZDB)

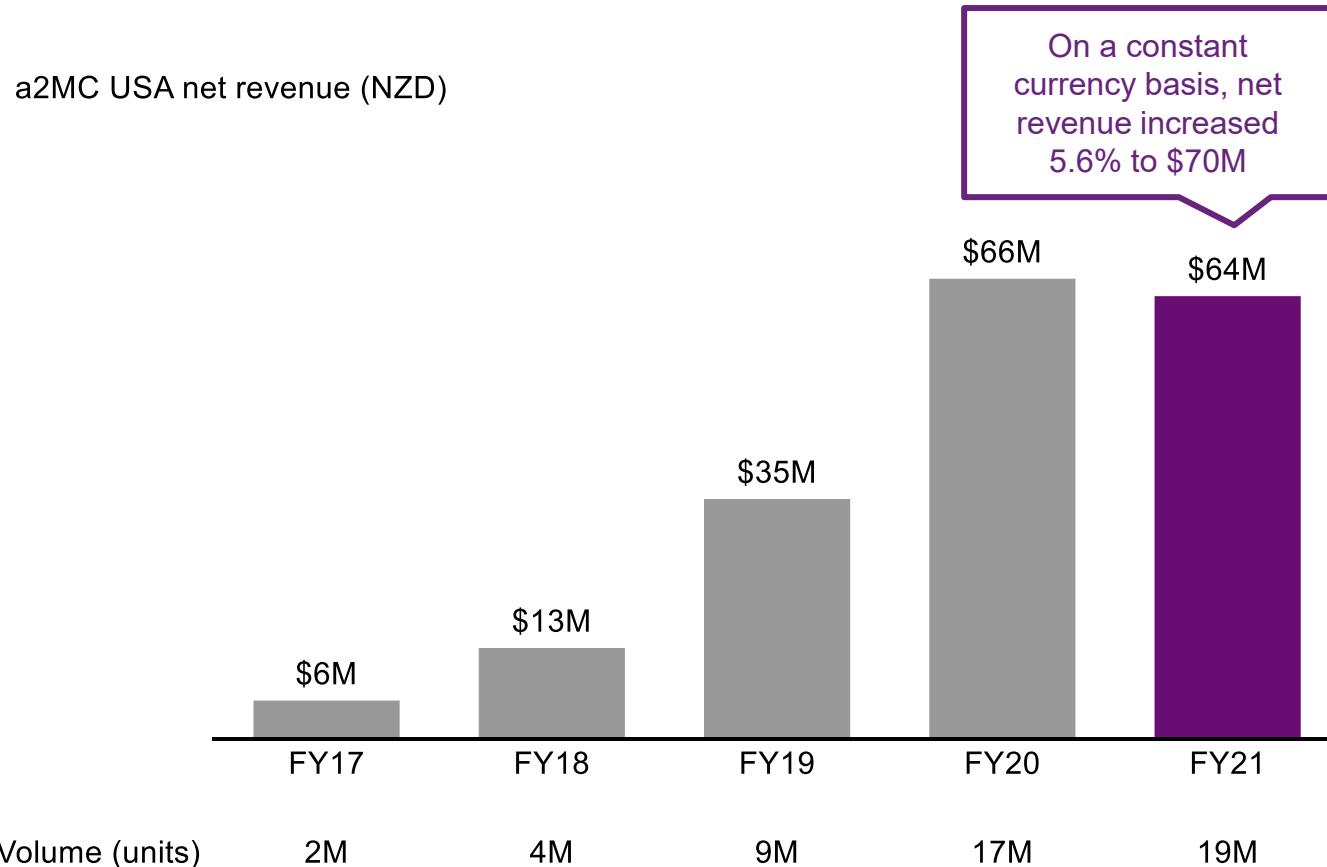


COVID-19 has led to significant shifts in consumer behaviour

- Initially, COVID-19 caused in home consumption to increase
- Trips to grocery retailers have recently declined back to pre-COVID-19 levels as consumers shift towards other outlets (e.g. Mass, Club)
- Increasing vaccination levels and the nation re-opening has led to increased eating out and less cooking and eating at home

In FY21, a2MC reduced its effective retail prices, which resulted in increased volume sales but a reduction in net revenue (also impacted by FX)

USA net revenue declined between FY20-FY21

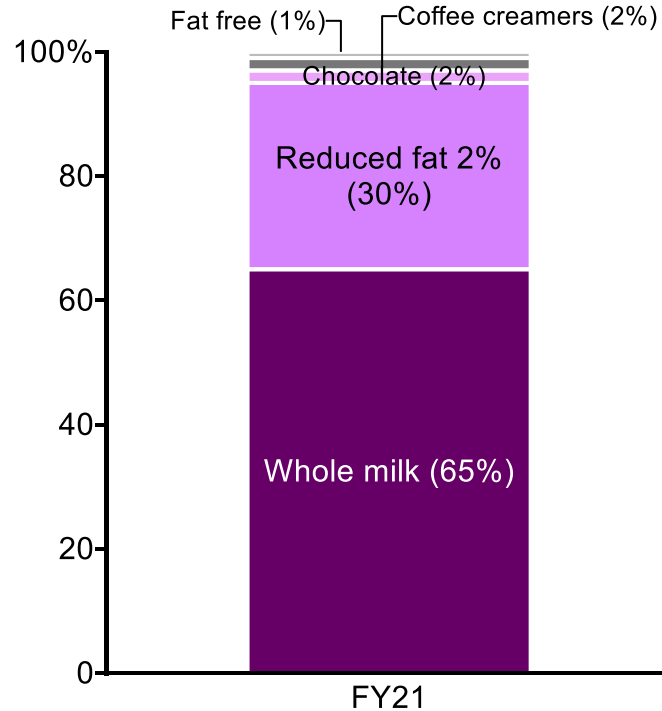


Key drivers

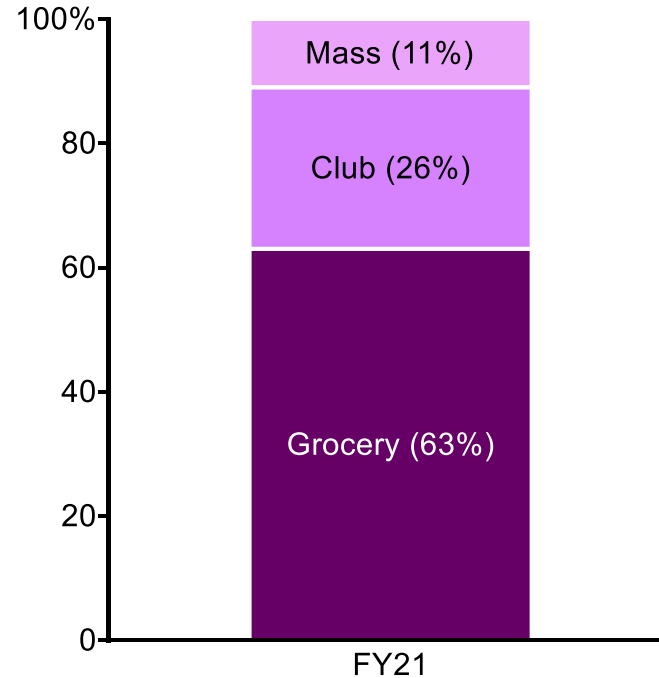
- FY21 represented a **shift in execution approach** with lower marketing investment and increased price investment to improve conversion and household penetration
- a2MC leveraged trade investment to **reduce price to an affordable premium** with key retail customers in exchange for more shelf presence and position which will benefit the business over time
- The revenue decline represents the **loss of distribution in a major club customer due to a shift to private label** (with underlying volume in other channels still increasing) and unfavourable FX

a2MC USA sales driven by whole milk in the Grocery channel

Unit sales by type



Unit sales by channel



Commentary

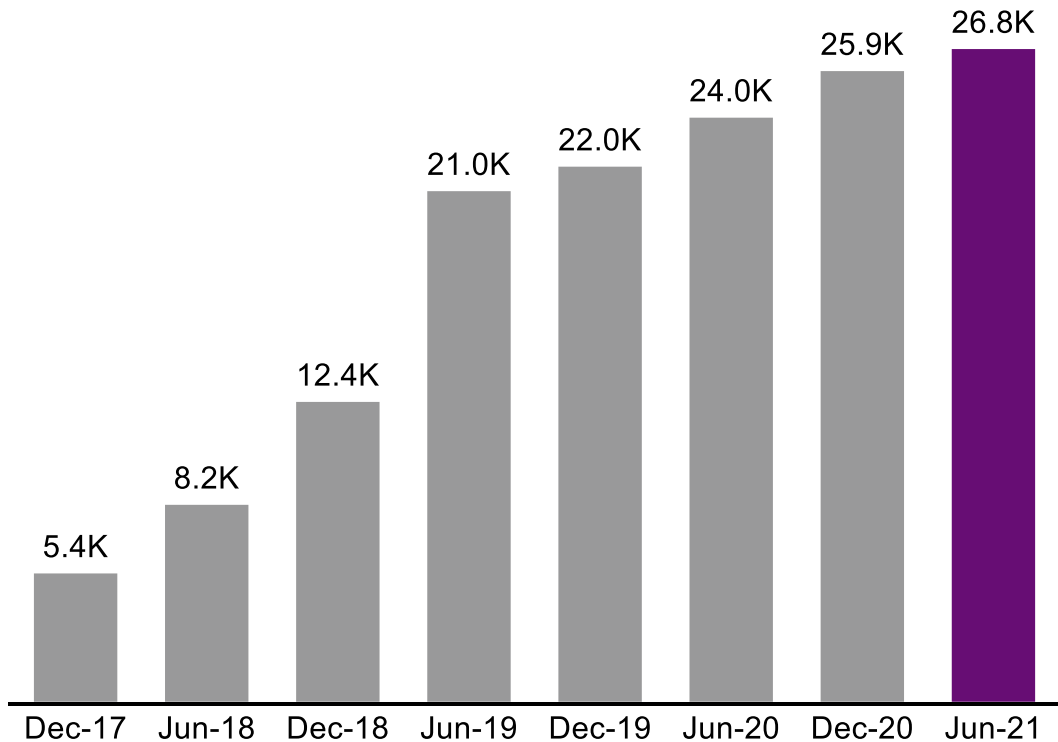
- The percentage of Club unit volume has decreased vs. prior year reducing our sales concentration with a single customer
- The majority of volume has been driven by two key SKUs with significant distribution across the major channels of distribution for milk consumption
- Increases in Grocery and Mass channels (14% in USD and 26% in volume) diversifies our customer base and demonstrates mainstream adoption of the *a2 Milk*[®] brand

Our distribution is approaching an optimal productive level of ~30K stores

a2 Milk® is now in over 26K stores across the USA

This includes every major chain in the Grocery, Mass and Natural channels of trade

a2MC USA store footprint (no. of stores)



Our brand health remains strong

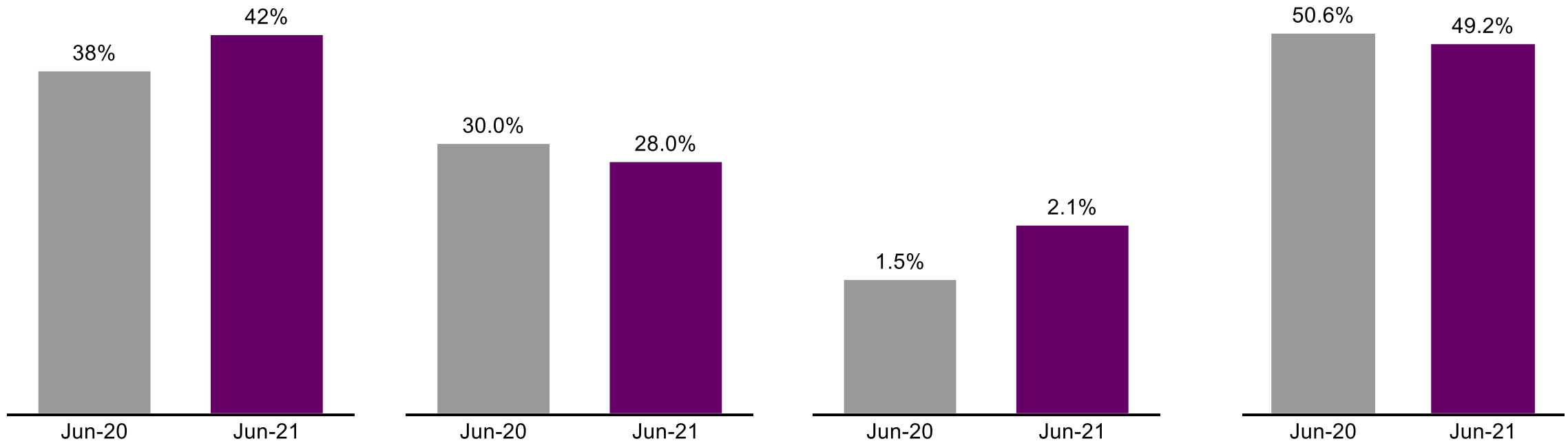


a2 Milk® awareness (prompted) %

a2 Milk® conversion %

a2 Milk® household penetration %

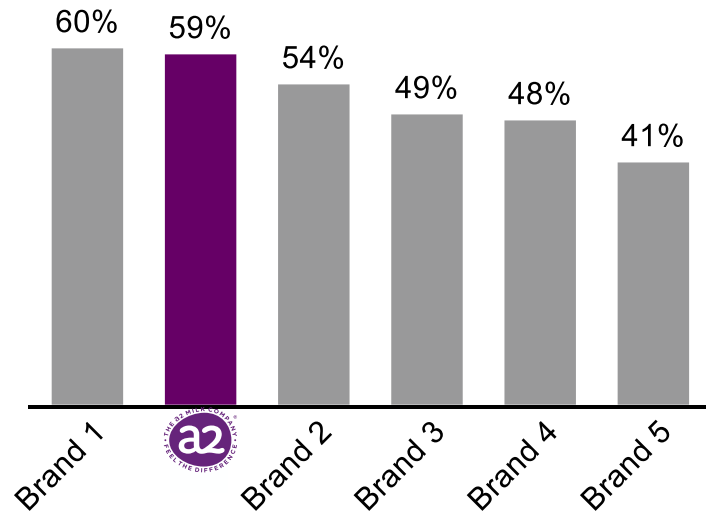
a2 Milk® repeat purchasing %



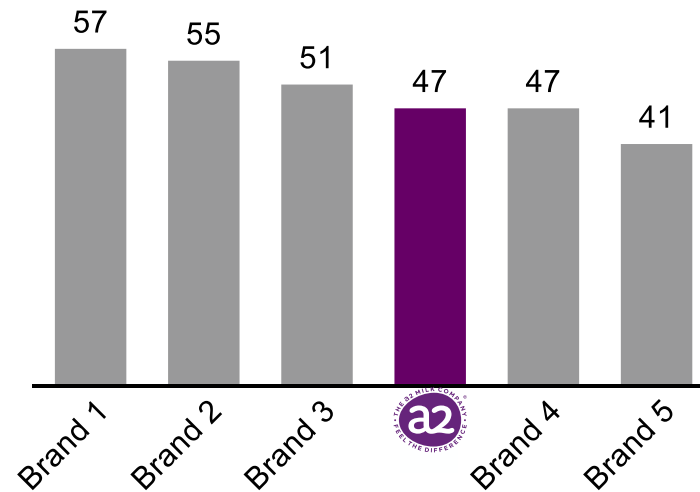
While a2 Milk® has comparable equity measures, it is clear that existing specialty brands are also delivering on consumer needs



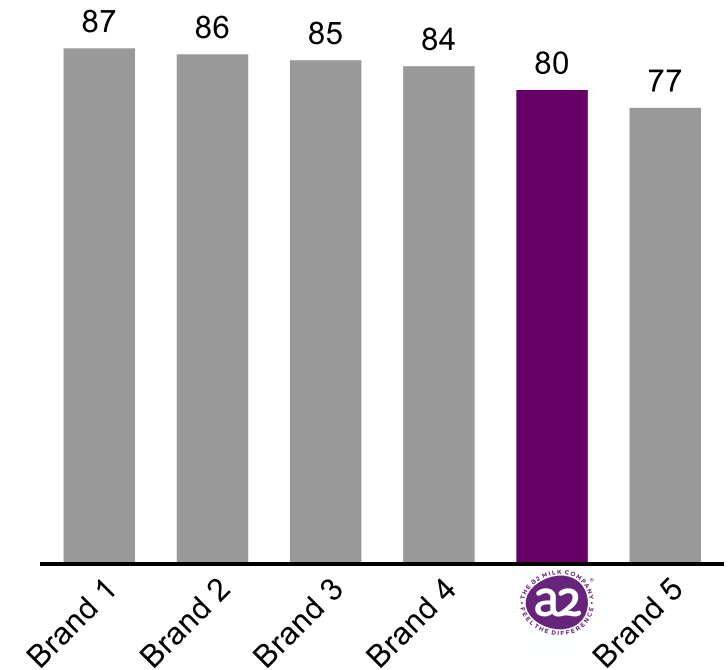
Loyalty %



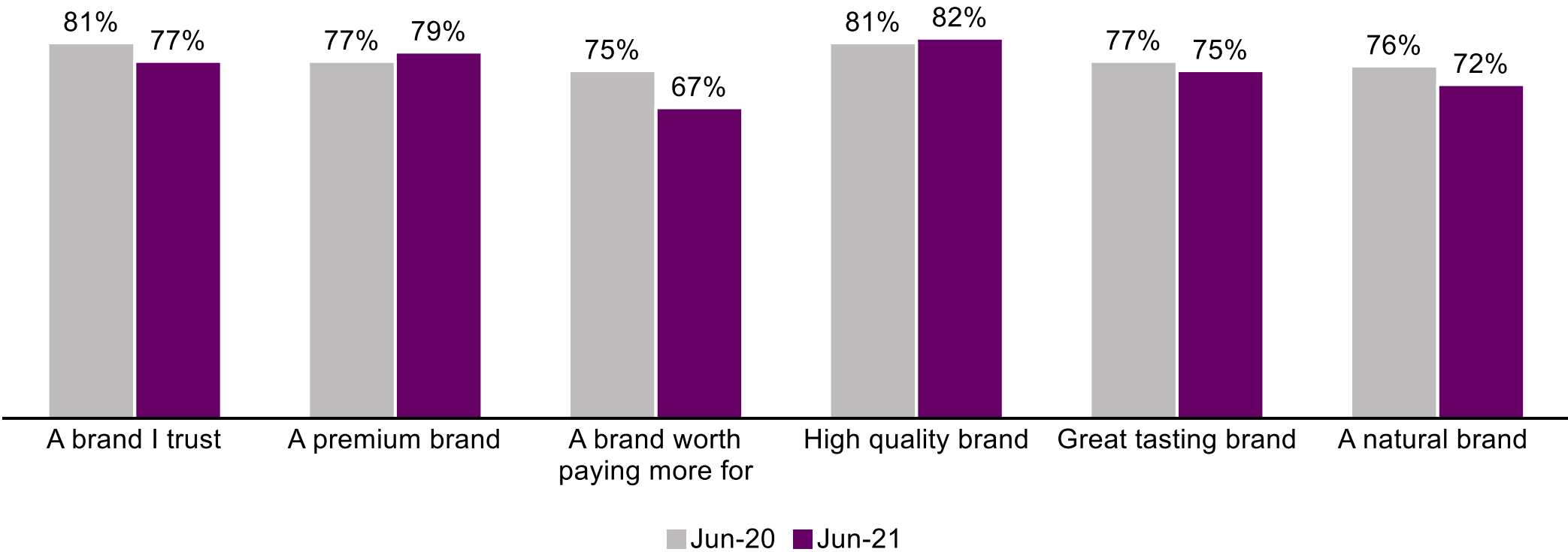
Net promoter score



Satisfaction score



a2 Milk® continues to maintain high equity attributes amongst a2 Milk® consumers



We continue to invest to both build our brand and increase household penetration

Drive targeted awareness



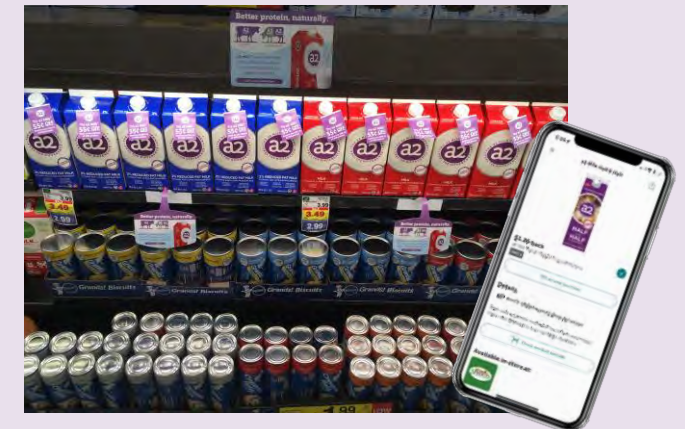
- New **breakthrough campaign**
- **Broader media target** to expand household penetration potential
- **CTV, YouTube and PR** to stay top of mind

Educate on brand benefits



- Leverage **social and digital** to drive awareness and conversion
- **Optimise search** to capture consumers at point of interest
- **Evolve creative message** to drive consumers through **purchase funnel**

Win in store



- **Leverage online grocery** to drive trial of products
- **Custom shopper plans** integrated with trade programs
- **Leverage point of purchase marketing** in store to take advantage of 80% of purchase decisions made at shelf

We have launched a2 Milk® Half and Half

- Total Half and Half market has **annual sales of \$1.1B** and **annual growth of +5%**; there is currently limited innovation in the category
- Consumers are in search of a **natural, easier on digestion** Half and Half product
- a2MC has introduced a new product which is **100% real milk and cream** and with natural A2-protein
- It has been accepted in over **5K stores** so far
- **First shipped in June 21** with further **expansion** expected in **2H22**



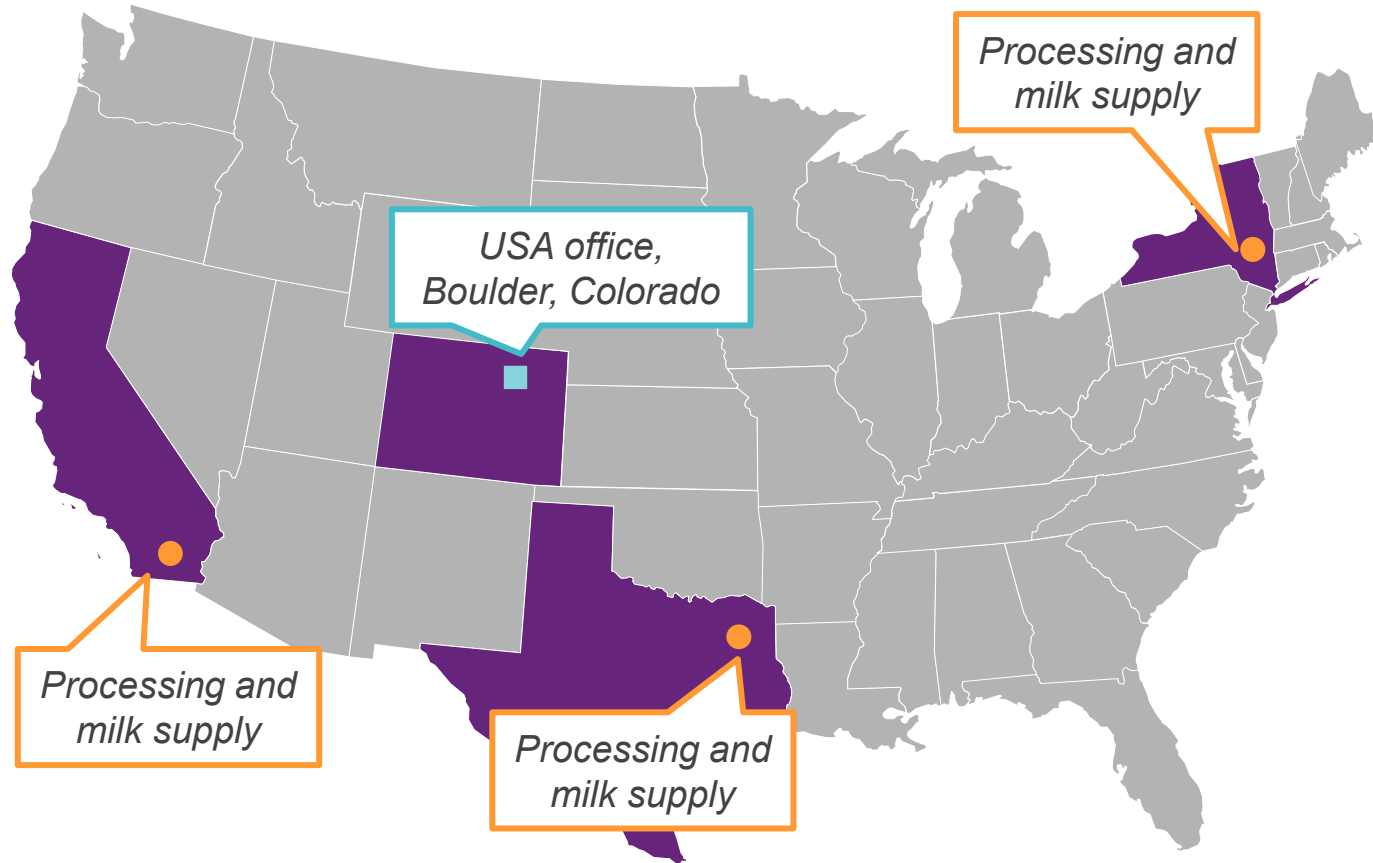
We are excited to announce our Hershey's a2 Milk® Partnership

- Hershey's a2 Milk® partnership is the perfect combination to meet consumers' needs for health and taste
- Total branded chocolate milk category has annual sales of \$745M and YoY growth of 9%
- a2MC will introduce a 2% reduced fat chocolate milk in 3Q22 leveraging Hershey's chocolate (Americas #1 chocolate brand)
- 4 product sizes to be introduced; 59oz multi-serve, 8oz, 6pk (8oz) and 18pk (8oz)

It is a milk for the whole family, it is a brand that kids love and parents' trust



Our co-manufacturing supply chain has served us well



Commentary

- The US product portfolio is ESL (extended shelf life) milk that comes with an extended code date to adequately travel the market in the USA but must be refrigerated
- a2MC currently contracts with multiple farms and three processors to supply its milk
- The current co-manufacturing supply chain provides flexibility and optimised distribution locations to cover the US with a refrigerated ESL milk product range
- However, co-packing limits margin potential and innovation
- A key part of the path to profitability in the USA is further optimisation of manufacturing and the associated cost structure, and potential participation in manufacturing

Our US strategic priorities

Ambition	To be a top-5 premium milk brand with >10% EBITDA margin				
Strategic priorities	1 Educate consumers on the a2 Milk® difference Bring to life the distinctiveness and value proposition of a2 Milk® for US consumers	2 Increase conversion and household penetration Drive targeted awareness together with brand education to increase trial	3 Continue to drive in-store velocities Deliver consumers a premium experience to maintain loyalty rates and drive in-store velocities	4 Extend brand into new categories Broaden product mix to achieve scale and win new users	5 Explore participation in manufacturing Explore participation in manufacturing as an enabler to achieve profitability and increase innovation
Measures of success	Grow household penetration to 10%	Achieve 5% share of the premium milk category	Achieve 25% of sales from innovation	Achieve profitability during FY25/FY26	
Enablers	Relentless commitment to highest quality product and safety standards	Maximise impact from marketing investment on awareness and trial	Deepen capability to innovate and launch new products	Retain key talent and capabilities	

Key takeaways



We are continuing to **drive growth in the USA** despite COVID-19 unwind impact on overall market growth



Growth is supported by **ongoing brand development** with penetration, awareness and repeat purchasing having momentum



We are **expanding into adjacent categories** through innovation and partnerships to drive scale



We are reviewing options to **participate in manufacturing** over time



MATAURA VALLEY MILK

Bernard May (Chief Executive – MVM)

CREATING TOMORROW'S NUTRITION



100



mataura™
VALLEY MILK

a2MC acquired 75% of Matura Valley Milk (MVM) in July 2021

- MVM is a **world-class dairy nutritionals manufacturing facility** located in Southland, New Zealand
- The MVM plant is a purpose built nutritionals facility with unique design features – one of the **most technically advanced nutritional sites globally**
- The processing plant took its first milk in August 2018
- MVM today **manufactures both commodity products** (such as whole milk powder and skim milk powder) **as well as nutritionals** (such as IMF base powder)
- MVM is exploring **additional business development opportunities** and will seek to work with additional third parties to **improve financial performance**
- MVM is **transitioning from coal to full site electrification** – a first for the industry in NZ



Strategic rationale for a2MC acquisition of MVM

- A unique opportunity to acquire a **new world-class nutritional manufacturing capability**
- **Existing supply agreements with local farmers** engaged to supply the highest quality milk and significantly transition to A1-protein free in three seasons
- **Supplier and geographic diversification** (within New Zealand) – dual supply to complement existing supply from Synlait
- **Innovation and new products** pathway for a2MC
- Enables a2MC to capture **manufacturing margins**
- The opportunity to build and enhance our **relationships with key partners in China** including **China Animal Husbandry Industry Co., Ltd.** and **China National Agriculture Development Group Corp.**
- Further **enhance and protect a2MC intellectual property** (extending to formulation, manufacturing, on farm)
- **Greater control over our destiny** with respect to our China brand registrations



MVM short-term outlook will be challenging; utilisation will increase over time

Short-term outlook for MVM to be more challenging than anticipated

- MVM's IMF customers have been impacted by China IMF market dynamics, which has resulted in a reduction in MVM's 3rd party nutritional demand as these customers work through their own inventory issues
- The decline in a2MC volumes in FY21 has also reduced the potential volume that can be transferred to MVM
- Given these conditions are expected to continue in the short-term, the factory will need to produce commodity products, which will adversely impact earnings
- Plans are being developed for the plant to reach profitability during FY26 or earlier

a2MC has a plan to increase MVM utilisation over time

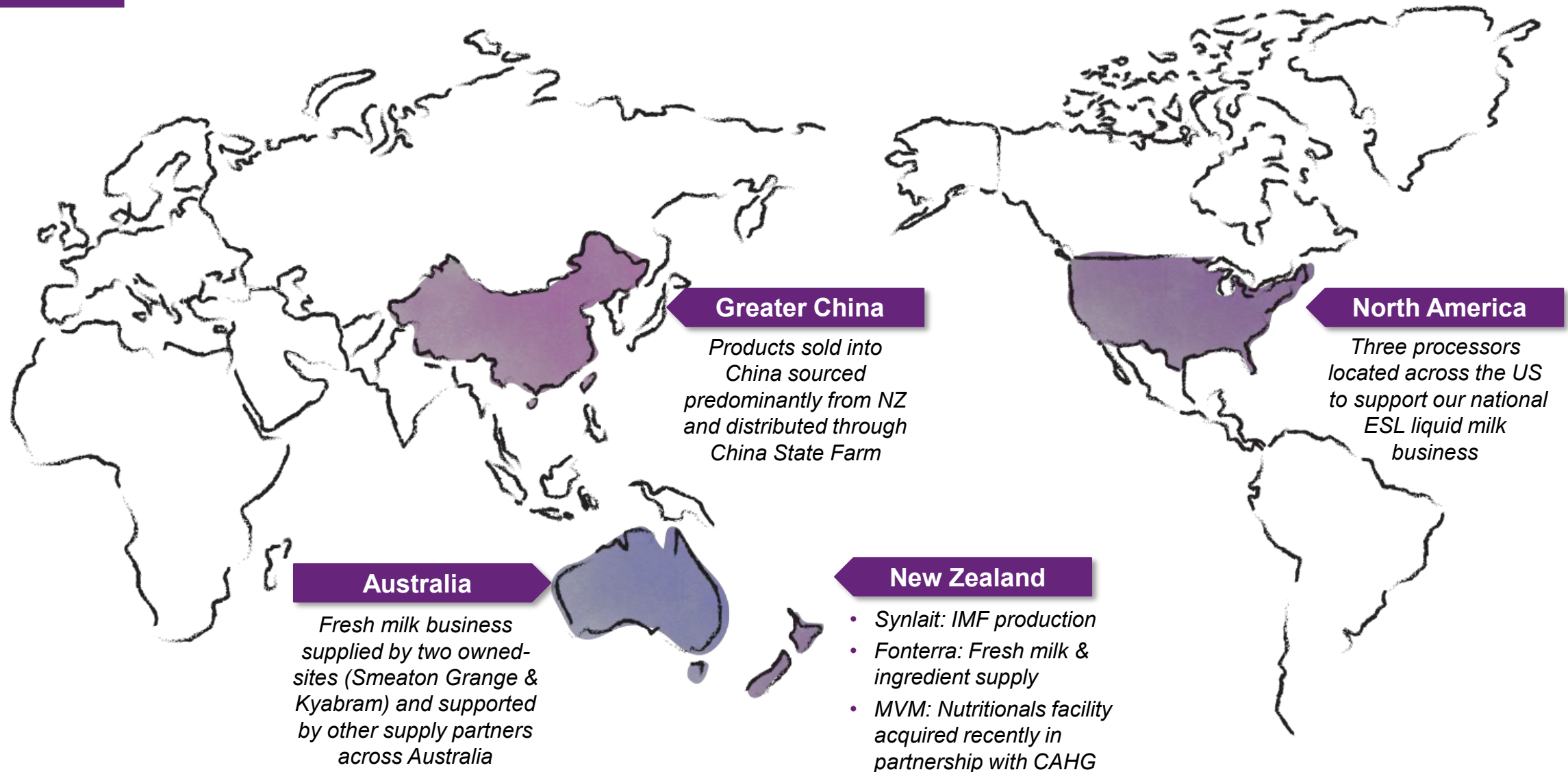




SUPPLY & OPERATIONS

Shareef Khan (Chief Operations Officer)

Acquisition of MVM marks the continued evolution of a2MC's supply chain and operations



We continue to evolve our operations to support business objectives



Capital Smart Approach

- **Innovative approach to supply chain** through both strategic partnerships and direct ownership
- Our supply chain also acts as a **critical enabler for market access** into the China market through the registrations it accesses



Quality systems & processes

- **Strict focus on quality**
- *The a2 System™* includes a **proprietary suite of knowledge and know-how**
- Extends from **on-farm, through to manufacturing** and down to branding and marketing to consumers



Inventory management & traceability

- Implementation of a **new traceability system**
- Enhanced **inventory management systems**
- Measures to improve **channel inventory in progress**
- Continuously seeking opportunities to **improve S&OP systems and processes**

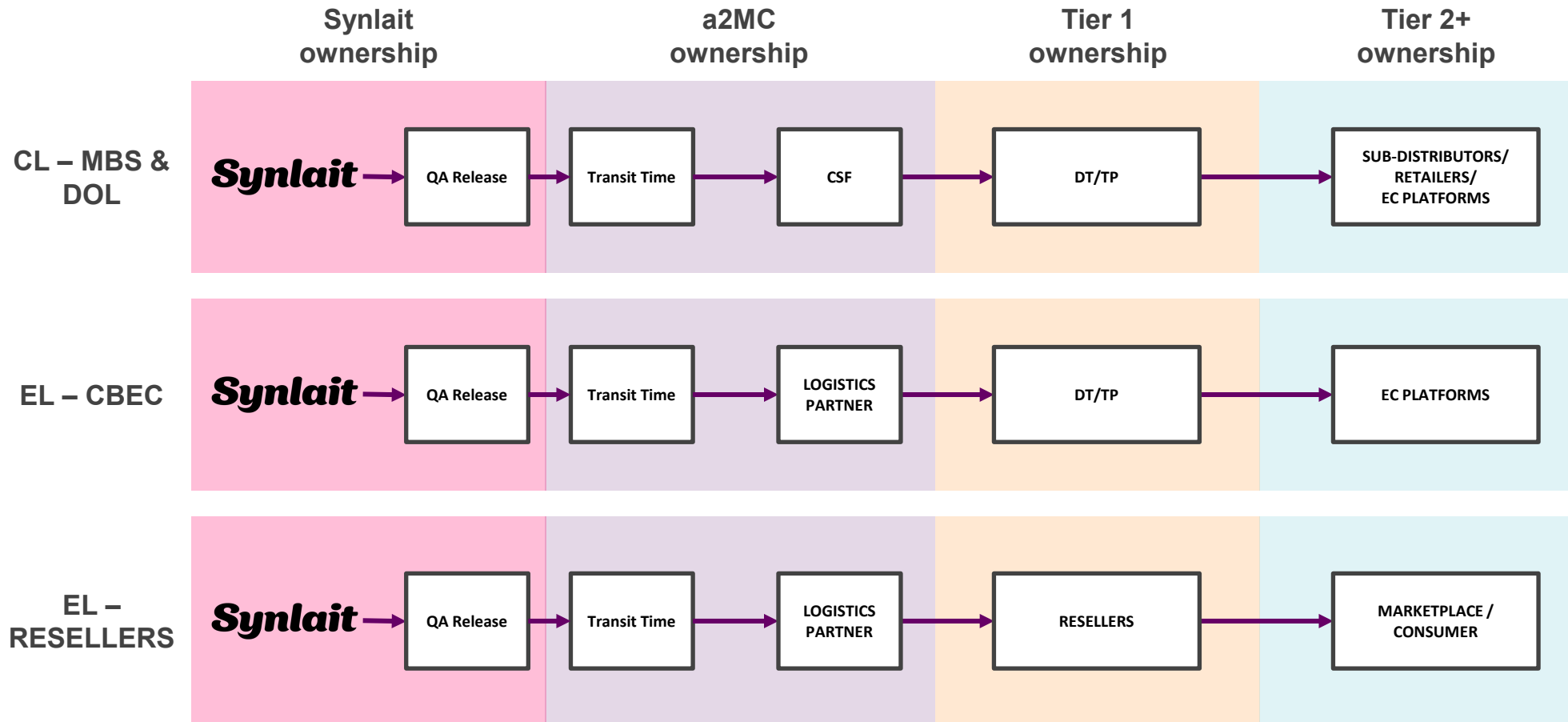


Australia & New Zealand sourcing

- Australia and New Zealand **sourcing profile for Asia-Pacific markets**
- All our **IMF is sourced and manufactured in New Zealand**
- Longer-term business context and strategy will likely require **China supply chain capability**

We are working to optimise our end-to-end supply chain

Indicative IMF inventory flow



We are currently managing COVID-19 related operational challenges

Challenges

What we are doing to manage this

New COVID-19 practices and regulations

- Complying with all local Government COVID-19 requirements
- Engaging proactively with our suppliers on potential COVID-19 impacts
- Adopting risk-averse practices at Smeaton Grange to avoid potential COVID-19 impacts, including: deferral of non-essential factory visitors or maintenance, non-essential staff working remotely and encouraging all staff to get vaccinated (with high vaccination rates among site staff)

Unreliable schedules and port congestions

- Providing accurate forecasts to avoid last minute offload
- Utilising a combination of ports (AKL, CHC, TRG)
- Continuing open and frequent dialogue with partners in NZ, AU and HK; leveraging relationships where possible
- Seeking opportunities to bring flexibility back along the chain (compensating for flexibility lost from shipping side)
- Reusing containers as much as possible in our network rather than discharge and return

Escalating logistics and shipping costs

- Limiting the level of shipping cost increases through negotiation
- Improving forward planning to create cost savings in logistics

Labour and driver shortages (US)

- Implemented a consolidation model (shared trucks)
- Requesting full pallet order and reduction in distance travelled per order

Farm audits, assessments and sampling impacted

- Implemented virtual audits and assessments where possible
- Increased communication and desktop surveillance through the raw milk supply program
- Training for farmers to self sample

A woman with dark hair tied back, wearing a light blue pinstriped shirt, is shown in profile from the chest up. She is looking out a window, with her hands resting on the window frame. The background is a bright, clear blue sky. The text 'FINANCE & IT' is overlaid in large white letters across the middle of the image.

FINANCE & IT

Race Strauss (Chief Financial Officer)

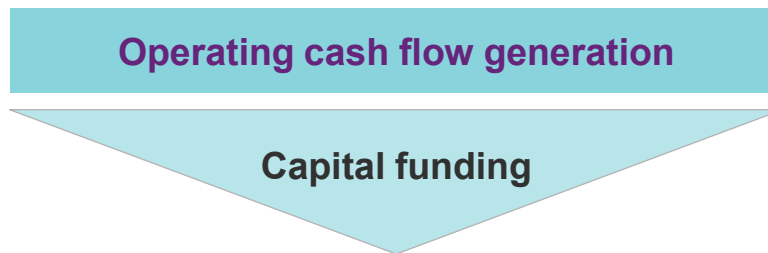
Our Finance and IT priorities largely focus on enabling decision support

Improving data and insight capability	We are improving our data availability, analytics and insights to help drive results in the business
Expand finance capabilities	We are expanding our finance capabilities, particularly in treasury and supply chain finance
Build IT capability	We are building IT capability and developing a blend of insource vs outsource, to be more cost effective and be able to operate faster
Enhance our cyber security defence	We are continuing to enhance our cyber security defence and have made headway over the past 18 months
Build our cloud-based systems	We are building out our cloud-based systems capabilities, including applications to support ERP, HCM, S&OP, CRM and Farm Services
Integrate acquisitions seamlessly	We are focused on integrating MVM into a2MC's IT strategy and operations to leverage our existing investment and capability

FY22 trading update

- There is no material change to the FY22 position as outlined at the FY21 August results announcement – however, we are seeing a different mix of our business, favouring English label IMF
- English label IMF sales in 1Q22 were down on 1Q21, but were significantly up on 4Q21, which was constrained to reduce channel inventory levels. English label IMF sales are expected to be down in 1H22 vs pcp, but ahead of expectations
- As flagged in our FY21 results release, China label IMF sales in 1Q22 have been constrained to reduce channel inventory levels further with sales significantly down on 1Q21 and 4Q21. Whilst distributor offtake and retailer sales were up double digits during 1Q22 vs 1Q21, they are lower than expected. As a result, China label IMF sales are now expected to be significantly down in 1H22 vs pcp
- IMF Tier 1 distributor inventory levels are now at required levels for both English label and China label
- ANZ fresh milk volumes were up in 1Q22 vs 1Q21, in part benefitting from extended lockdowns – however, sales in 1Q22 were flat vs 1Q21 due to FX movements
- US liquid milk volumes were down in 1Q22 vs 1Q21 due mainly to an expected reduction in ranging by a club channel customer. Separately, distribution cost pressures continue in the US market
- MVM nutritional demand has reduced and active steps are being taken to secure additional volume

Strong and robust balance sheet to support growth initiatives ahead of returning capital to shareholders



Grow the core business in existing markets

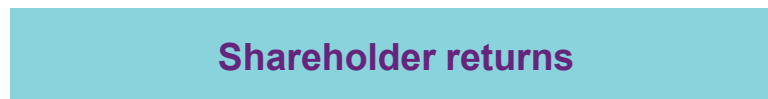
- Investment in building core business
- Participate in infant nutrition manufacturing
- Enabling investment in systems, infrastructure, quality, safety and expertise
- Organic growth – existing and new products/ new retail channels
- Assess M&A opportunities to support core business growth and supply chain evolution

Expand the boundaries

- Adjacent new product categories in existing markets
- Geographic expansion of existing products into new markets
- Assess M&A opportunities to expand boundaries

Balance sheet strength and flexibility

- Capacity to support business growth and risk management initiatives
- Maintain a conservative cash reserve to manage in an uncertain environment



Q & A



Key takeaways

- The market landscape has experienced **unprecedented change over the past 12 months**, requiring us to adapt
- As a result, we have **adapted our growth strategy** to achieve the full potential of our business
- Importantly, our **brand is strong**, we have a relatively small share in China IMF and **significant opportunity** to capture
- We have **reorganised to prioritise** our most important growth levers and have a clear plan to execute
- We have a **great leadership team and pioneering culture** to lead the execution





ADAPTING
FOR GROWTH

2021 INVESTOR DAY

27 OCTOBER 2021

THE a2 MILK COMPANY LIMITED