NZX Code: ATM
ASX Code: A2M

19 November 2026
NZX/ASX Market Release

China IMF and FY27 outlook update

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The a2 Milk Company (the Company, a2MC) has provided an update on its China Infant Milk Formula (IMF) recovery and updated its FY27 outlook[1] at its Annual Meeting today.

China IMF update

As previously announced[2], the Company was impacted by shortfalls of China label IMF product that materially impacted in-market product availability during 4Q26 and necessitated a large proportion of existing users to switch to alternative brands, with the flow-on effects expected to impact FY27 IMF sales. In addition, English label IMF 4Q26 offtake was indirectly impacted by the USA label IMF recall announced in May 2026.[3]

The Company has been focused on executing its China IMF recovery plan. So far, estimated China label offtake has recovered to ~50% of pre-supply chain disruption levels, up from ~40% in August 2026. For further details on the China IMF recovery refer to pages 13-14 of the Annual Meeting Presentation dated 19 November 2026.

Outlook update

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

At this stage, the Company expects total IMF sales to be broadly similar to FY26. China label and English label are expected to gradually recover over the course of FY27 supported by the recent launches of two new China label products and the updated *a2 Platinum*™ product, and pending resolution of the China importation requirements currently impacting *a2 Genesis*™. IMF recovery will be supported by an increase in marketing, particularly in 1H27. As a result, Group revenue and EBITDA are expected to be materially weighted to 2H27.

The *a2 Platinum*™ transition to a2 Pōkeno is on track to plan, with one-off transformation costs[4] now expected to be ~$15 million in FY27, including *a2 Platinum*™ transition costs. No further transformation costs are expected in FY28. The Company also notes that the NZD has devalued since the previous outlook and at prevailing rates is expected to increase Group revenue and expenses, with the associated net earnings uplift offset by hedge losses.

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[1] Previous outlook provided on 17 August 2026 in a2MC's *FY26 Results Commentary and Outlook* and *FY26 Investor Presentation*.
[2] Refer to separate announcements *Trading, Supply Chain and Outlook Update (13 April 2026), Supply chain and FY26 results update (7 July 2026)* and *FY26 Results Commentary and Outlook* and *FY26 Investor Presentation (17 August 2026).*
[3] Refer to separate announcement *a2MC recalls small volume of a2 Platinum™ USA label (4 May 2026)*.
[4] Transformation costs, which comprises a2 Pōkeno integration costs (~$5 million) and costs associated with the supply chain and in-market transition of *a2 Platinum*™ (~$10 million).

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

- Revenue growth of mid single digit percent, with 1H27 revenue slightly down on 1H26
- Underlying EBITDA[5] margin percent to be approximately 15%, with 1H27 materially down on 1H26
- Depreciation and amortisation to be approximately $20 million
- Cash conversion to be approximately 70-80%
- Capital expenditure to be approximately $70 million

Key risks

A range of risks could materially impact expected revenue and earnings outcomes including, but are not limited to, extent and rate of recovery in China IMF, trading upside and downside, macroeconomic conditions, category dynamics and competitive intensity, product and supply related risks, cross border trade, foreign exchange movements, changes in interest rates, farmgate milk pricing and other commodity prices, regulatory risk, export and import requirements, the Middle East conflict, a2 Pōkeno transformation and transition risks and geopolitical risks.

Authorised for release by the Board of Directors

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[5] Underlying EBITDA excludes $15 million of one-off a2 Pōkeno transformation costs, which comprises a2 Pōkeno integration costs (~$5 million) and costs associated with the supply chain and in-market transition of *a2 Platinum*™ (~$10 million).

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