



Synlait
Annual Report
2026

Doing Milk Differently For A Healthier World

Welcome to Synlait’s Annual Report

Our Annual Report reviews Synlait Milk Limited’s (Synlait) and subsidiaries’ financial performance and business achievements for the year ended 31 July 2026.

An online copy of this Annual Report, and previous annual, interim and sustainability reports, are available at: synlait.com/investors/

Corporate governance

Our Corporate Governance Statement describes Synlait’s current compliance with the NZX Corporate Governance Code (NZX Code) recommendations in the year to 31 July 2026.

The Corporate Governance section of the Annual Report can be found on Synlait’s website: synlait.com/investors/corporategovernance-2026/

Sustainability

Synlait has a proud history of pioneering sustainability as part of our purpose of doing milk differently for a healthier world.

Learn more about our approach and read our latest Integrated Climate Report at: synlait.com/sustainability/

Cover photo: Consumer Plant Manager Rueben Frahm (left) and Hendrik Bakker, Synlait’s Manufacturing Operations Manager – Ingredients.

“ Before we went to the North Island
Synlait was a really successful company.
Now we've sold those assets, things are
much simpler and we are making progress.”

David Williams, General Manager
Milk Supply & Sustainability

David Williams accepts his 18 year service award
at the Synlait Long Service Awards in July.

Contents

Chair review	09
Acting CEO review	15
FY26 business milestones	21
Our Board of Directors	23
Our Executive Leadership Team	24
Statutory information	25
CFO review	47
Financial statements	57
Auditor's report	111
Directory	117



“We love being part of Synlait.
The company has always
taken a leading approach to
sustainability and it’s great to
work alongside other farmers
who share those values.”

Kylie Bay, Synlait Supplier



Rory, Vuyo, Gavin and Kylie Bay from
Bluff Farm in North Canterbury.

Chair review

George Adams



Dear Shareholders,

FY26 was always going to be a defining year for Synlait.

The sale of our North Island assets in April strengthened the company's balance sheet and removed a drag on our financial performance, so we expected FY26 to be defined by stronger financial results.

Instead, FY26 is best defined as the year of Synlait's operational recovery.

Like the repairs to the company's liquidity, balance sheet, and milk supply, that were delivered in FY24 and FY25, this year's operational recovery was critical to creating a future where value is returned to you – our shareholders.

A poor first half, a better second.

Our FY26 result shows this is not the year Synlait needed – the numbers are deeply disappointing. Our financial result was largely lost in the first half. The operational recovery achieved in the second half delivered an uplift in financial performance.

The honest measure of recovery is what the numbers show. Comparing FY26's first half to its second, you can see:

- Unadjusted net profit after tax improved from a first-half loss of \$80.6 million to a second-half profit of \$5.2 million (assisted by a gain from the sale of our North Island assets).

- Manufactured In Spec quality performance improved from 91% in the first half to 95% in the second. The full year average was 93%, up from 88% in FY25.

These numbers show that, thanks to the hard work of Synlait's team members, we delivered a turnaround in the second half. I want to extend a heartfelt thank you to you all.

The business is now stronger, simpler, and more resilient.

Synlait is now focused on getting the best out of its Dunsandel assets across Advanced Nutrition, Ingredients, Consumer and Foodservice. Dairyworks continues successfully growing its business – thanks to the excellent work of its team ably led by Tim Carter.

There are challenges ahead, but first I need to provide context around our 2025 manufacturing challenges and explain why they created this extended period of financial underperformance.

We owe you, our farmers, our customers and our people, a plain answer to three questions: why did these challenges impact FY26? Have we addressed the issues? And what is our plan to return the company to success?

What went wrong.

As reported previously, Synlait had a number of manufacturing challenges in Dunsandel in early 2025.

One of the many reasons you can have confidence in Synlait's team is they take the responsibility of feeding millions of people, including newborn babies, seriously. This is why the company is trusted by customers and consumers around the world.

So, when faced with the manufacturing challenges in 2025, Synlait did the right thing – stopped production, investigated, and made repairs and changes to ensure any issues were properly and sustainably resolved.

Why this impacted FY26.

As we explained in the HY26 result in March, Synlait weighed up a lot of options to work out a plan to recover from these challenges.

Normally, Synlait produces nutritional powders during the shoulders of the season, when milk flows are lower. Instead, the need to rebuild customer inventory saw us commit to producing nutritional powders through the peak of the milk season as well.

The decision to produce nutritional powders at peak required us to sell a significant volume of raw milk. Selling milk during peak season is always challenging

and while we knew the loss would be significant, the decision was in Synlait's and our customers' best interests.

A number of planned milk sales didn't go to plan as the recipients were unable to accept the milk for a variety of operational reasons and it had to be sent to Synlait for processing. The only product we could make to limit dryer downtime (so we could return to rebuilding customer inventory promptly) was whole milk powder.

To make matters worse, global whole milk powder prices fell sharply, just as we had a lot of it to sell and that hit our ingredients margins hard.

Together, these factors drove the poor first-half result. Thankfully, the second half was an improvement.

We have addressed the issues.

This has been achieved through investing in our two most important assets – our people and our plant, and deeply resetting our revenue, operations and quality functions.

High-level achievements include:

- Achieving operational recovery with a focus on delivering continuous excellence.
- A major programme of work over winter shut with nearly 900 work orders completed in 65 days.

- Delivering a whole new approach to learning and development – with leadership training for our operational teams and senior leaders so they have the skills they need to do their jobs well.

We’ve also worked to repair and simplify some of Synlait’s systems which had become unnecessarily complex.

Synlait is important to New Zealand’s dairy sector.

Our purpose is *Doing Milk Differently For A Healthier World* and Synlait was born to disrupt.

We’re a comparatively new company and our founders’ bold decision to grow from farming into milk processing gave Canterbury farmers choice. They also led the way in sustainable dairy farming and, through innovation, our business model drives higher returns from Canterbury dairy producers.

Synlait has never been afraid of being the first. Despite being financially constrained, we’ve still enabled our farmers to earn more for their milk once they are certified as reaching best practice dairy standards. We have also supported the planting of almost 385,000 native trees across Canterbury.

Our plan to maintain positive momentum.

A core focus is to diversify our revenue streams and backfill the capacity gap created by The a2 Milk Company moving some of its volumes to its Pōkeno facility. We have already onboarded a new Advanced Nutrition customer in the Middle East and have a pipeline of others keen to work with us.

We will not take our eye off operational excellence or ensuring we are match fit to deliver the worldclass quality required to renew our product registration for the China market next year. We have stood up a very experienced business-wide team to deliver this.

We are strengthening our governance and have begun the recruitment of a third Independent Director.

Leon and the team have put together a plan to win this dairy season by squeezing value out of every drop of milk our farmers produce for us. That production plan sits alongside our plans to mitigate the risks ahead.

Our focus has been on the first two horizons of our recovery roadmap – stabilising and simplifying the business. We have made sufficient progress that we are now able to progress our third horizon – scale. We look forward to sharing that with you by HY27 (that will be June 2027 given the change in Synlait’s balance date).

We will continue Synlait’s positive trajectory so we can deliver value to you – our shareholders.

Thank you,



George Adams
Chair

Some well-deserved thanks.

FY25 and FY26 tested Synlait and proved our people know how to find a problem, own it, and fix it properly.

It also showed they can collaborate to execute complex transactions, including the sale of our North Island assets.

As I said in my report last year, people across Synlait have worked enormous overtime to get this business through – thanks to each and every one of you.

Thank you to our farmers for standing by us through another demanding year. I hope Synlait standing by all its financial commitments to you, despite our losses, shows how valued you are.

Thank you to our major shareholders Bright Dairy and The a2 Milk Company for your ongoing support. Thank you also to all 5,190 independent shareholders – you have been extraordinarily patient and understanding as we secured Synlait’s survival.

Thank you also to Synlait’s banking syndicate and key customers, including The a2 Milk Company, Abbott, Danone and Nestlé. Your support is critical to our company.

Finally, thank you to my fellow Directors for navigating exceptionally difficult decisions, and to Paul McGilvary, whose contribution to Synlait and Dairyworks helped get both companies through challenging periods.

Guidance

Synlait’s balance date for financial reporting is changing from 31 July to 31 December.

We are now in a five-month transitional period from 1 August 2026 to 31 December 2026, known as TP26.

Synlait is still in a recovery phase and TP26 will be influenced by the timing of production, sales, working capital movements and other seasonal factors.

Given the short and non-comparable nature of the transitional period, Synlait is not providing guidance for TP26.

Results at a glance

▼ \$42.6M

\$8.1M

Total group EBITDA

▼ \$60.9M

\$46.3M

Total underlying group EBITDA¹

▼ \$35.6M

(\$75.4M)

Total group NPAT

▼ \$22.4M

(\$21.6M)

Total underlying group NPAT¹

▼ 14%

\$215.0M

Net debt²

▼ \$348.8M

(\$183.3M)

Operating cash flow

▲ 6%

\$1.94B

Total group revenue

▼ 64%

\$37.7M

Total group gross profit

Results include North Island operations, unless otherwise stated³

FY26 milk price

\$9.69

Base milk price

+

\$0.38

Average Synlait milk incentive⁴

=

\$10.07

Synlait total average milk payment

All comparisons are against FY25.

¹ Underlying figures exclude North Island operations and gain on sale from North Island assets.

² Net debt includes cash, bank debt, transaction costs, and the shareholder loan from Bright Dairy; it excludes lease liabilities.

³ The financial statements include both continuing and discontinued operations, with appropriate classification and disclosure. This will result in differences in the figures presented in this presentation.

⁴ This comprises Lead With Pride, winter milk, secured milk, A1 protein free and customer sustainability premiums. Customer Sustainability Partnership incentives of \$1.5m were paid in April 2026, and were for the FY25 season.

Synlait's operations stabilised in the second half

	1H FY26	2H FY26	FY26 average	FY25 average	Year-on-year improvement
Manufactured in spec (MIS)	91%	95%	93%	88%	+5 pts
Production plan attainment	89.7%	102.6%	95.5%	91.7%	+3.8 pts

Operational stability helped improve 2H financial performance

	1H FY26	2H FY26 ¹	FY26	Half-on-half growth
Reported EBITDA	(\$34.7m)	\$42.8m	\$8.1m	+\$77.5m
Underlying EBITDA	\$4.1m	\$42.2m	\$46.3m	+\$38.1m
Reported NPAT	(\$80.6m)	\$5.2m	(\$75.4m)	+\$85.8m
Underlying NPAT	(\$27.3m)	\$5.7m	(\$21.6m)	+\$33.0m

¹ Figures influenced by the sale of North Island assets.

Acting CEO review

Leon Fung



Dear Shareholders,

When I walked in the door of Synlait Dunsandel as Acting CEO in mid-May, I already knew a lot about the business we are in. I started my career 30 years ago at a dairy factory in Northland, after completing a Master's Degree in Dairy Technology at Massey.

Since then, my career has enabled me to grow a deep knowledge of the dairy and nutrition sectors – not just in manufacturing, but in scaling operations, optimising supply chains and connecting to global markets.

Having sat on the Board since June 2024, I have been part of the team that has helped the company through the worst of its crises. In the four months since my first day in the CEO chair, I have grown my understanding of the company, its people, the challenges and the opportunities we have ahead of us.

My confidence in Synlait's future has grown.

While leaning in to support the efforts to stabilise our operations (my technical curiosity has meant I have spent a lot of time with our frontline teams), I have taken the time to understand the nuances of the business so we can shape a clear plan to maximise its potential.

As the Chair said in his report, the focus to date has been on activating the first

two horizons of our recovery roadmap – stabilising and simplifying Synlait. In 2025, the Board instructed the business to adopt a 'Back to Basics' approach and focus on the 'Big 6' – operational stability, quality performance, customer satisfaction, financial performance, strengthening culture and financial resilience.

The team is actioning this in a disciplined and deliberate way and the capability and passion of Synlait's people gives me real confidence the company will return to success.

Learning from the past.

The Executive Leadership Team is taking a holistic view of why Synlait has performed poorly, not just in FY26 but historically, so we can learn from the past and fundamentally reset the company.

There were many factors contributing to that underperformance; the lack of diversification in Synlait's revenue streams, the financial burden created by the heavy investment in the North Island assets and their loss making operations, and in recent years, significant operational issues.

I am pleased to report that the second half of FY26 saw Synlait's operations stabilise. However, we need to retain our focus so we can achieve continual operational excellence.

There is no doubt Synlait is stronger today.

The divestment of the North Island assets means we are once again focused solely on our Dunsandel base. When you look at historic financials, it is clear Synlait was its most profitable before it expanded to the North Island.

Refocusing on our core strengths should give confidence as to our future profitability, although, as I said before, we have some way to go before our financial performance will reach where we want it to be.

In the meantime, the data shows we made some progress in the second half.

Our financial processes have been tightened with a focus on reducing cost. For example, every team across the business is now reviewing actual expenditure against budget every month with gaps being interrogated.

Synlait's people are stronger too.

The company's overall engagement score increased this year – given the tough times our people have been through, this is a great achievement.

There has been a deliberate approach to strengthening our people, with leadership training for frontline and senior leaders and a huge reset of our learning and development programme.

We have just completed our first year tying performance ratings to the *Synlait Spirit* high-performance culture framework. There are specific behaviours that underpin the *Synlait Spirit* and its values (Be the Difference, Move as One, and Right on the Mark). The framework is designed to get people to think twice, ask why, break down silos, work together and execute with accuracy.

Challenging Synlait's status quo.

Deep understanding of the dairy industry gives me the ability to ask detailed operational and technical questions of the team and work with them to find solutions.

I am told my approach is sparking teams to think about new ways to improve the way they do things. That is a much-needed mindset shift. Synlait is a large and complex business, and over time some processes have been made harder than they need to be.

Challenging the status quo offers the chance to look for improvements and efficiency that have not been considered before.

Disciplined prioritisation is also necessary. The business simply cannot do everything at once. A stronger focus on the critical tasks will strengthen our solid foundation. Only when that foundation is secure should the business move to the next phase.

As the Chair has indicated, the progress we have made means that now is the time to consider our strategy to scale our performance. We will have a strategy to share in 2027.

In my view, maintaining operational discipline and not losing focus are the most important things Synlait needs to do.

Strengthening customer partnerships.

Synlait has a proud history of delivering complex, high-value nutritional products alongside unparalleled levels of attentive customer service.

The a2 Milk Company has been our valuable partner for a very long time. Synlait is proud to have helped fuel their growth with our capability in making high-quality infant formula powders. We believe that our businesses will remain fundamental to each other’s success, so we have helped support their move into manufacturing at a2 Pōkeno.

Synlait has not had available manufacturing capacity to have been able to onboard customer partnerships of scale for some time. However, the space created by The a2 Milk Company shifting the production of its English label products creates this opportunity. This represents an important milestone for Synlait – our priority is to secure the right customers, at the right value, and then deliver consistently.

This means diversifying Synlait’s revenue streams by customer, product and geography. We’ll then be less vulnerable to future shocks, like COVID. Already, we have a pipeline of potential customers with annual demand indications significantly higher than the expected capacity resulting from the volume shift.

In our business, onboarding Advanced Nutrition customers can take 2-3 years. However, we have already signed a new agreement for FY27 with a Middle East customer, and we are in advanced talks with others.

Synlait has three primary competitive advantages.

- 1. Nutritional product expertise.** Synlait’s strength in infant nutrition is a platform that extends into adult nutrition, aged care nutrition, and special-purpose nutritional products. We are working with new markets to deepen and commercialise this advantage. We have world-class manufacturing capability and other markets interested in working collaboratively with us because they consider us uniquely positioned to produce these products.
- 2. Our people.** There is a genuine desire by our people to do a good job and see the business succeed. They are highly motivated and uniquely qualified. A powerful signal of their dedication to this company is

the more than 100 team members who have worked at Synlait for more than 10 years. Those people have experienced the business at its best, know what it is capable of and many have told me they believe it is on the right path to a successful future.

- 3. Our farmers.** Synlait farmers are among the best in New Zealand. More than 90% have now been independently certified, under our Lead With Pride programme, as reaching best practice dairy farming. That means they are going above what is legally required to care for the environment, their animals, their milk quality and their people. The result is a high quality diverse milk supply, including one of the world’s largest A1 protein free pools.

We are well-positioned for the future.

If we keep managing our operations and quality performance well, improved financial performance will follow.

The support of Bright Dairy as our major shareholder, who are long term focused, provides stability. Synlait has also demonstrated to its banking syndicate that we can manage through difficult conditions.

We have been grateful for the support of all of our stakeholders – including you, our shareholders. As our financial

performance recovers, I believe the confidence in Synlait will grow too.

I am committed to doing all I can to enable that. It will take time, but I believe we will get there.

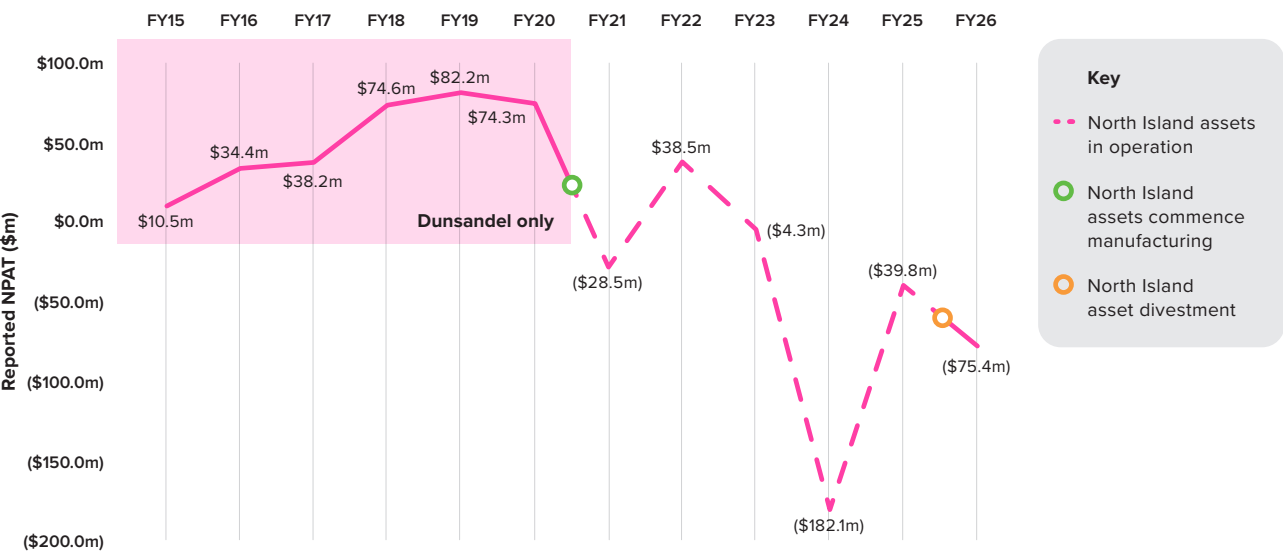
Thank you for your support,

Leon Fung

Leon Fung
Acting CEO

An important reminder of Synlait's potential

Historically, Synlait's financial performance was strongest when it was a South Island focused business.



The Synlait Long Service Awards celebrated the 111 staff who have worked at the company for at least ten years.



FY26 business milestones

A big year for Synlait's lab team



Synlait’s laboratory is the first in New Zealand to be independently accredited for cereulide testing. This milestone reduces our reliance on external laboratories. Synlait’s internal testing capability is extensive with our state-of-the-art, full-service laboratory regularly completing more than 55,000 tests per month. The lab has completed four million tests in 11 years of operation. From routine testing to complex calibration work, the team has built a reputation for accuracy and trust. The lab plays a critical role in ensuring every product that leaves our factory is safe for the millions of people Synlait feeds every month.

Our farmers are leading with pride



More than 90% of the farmers who supply Synlait have now been independently certified as going above and beyond what is legally required to reach best practice dairy farming. The certification is part of our Lead With Pride programme, with farmers independently audited in how they care for the environment, animals, milk quality and people. Launched in 2013, Lead With Pride sets Synlait apart from other processors and is why the company has attracted forward-thinking farmers who are committed to being the best. Once certified, farmers are paid more for their milk.

Celebrating Synlait’s best assets



In July, we celebrated the 111 people who have worked at Synlait for at least 10 years at a special event. This was an opportunity to bring together those who have helped shape Synlait’s story, share memories, and thank them for supporting the company. Together they have contributed more than 1,398 years of service. Longest-serving team member David Williams has been with Synlait for 18 years and was appointed to the executive team this year as General Manager of Milk Supply and Sustainability. He reminded attendees that Synlait was strongest when it was focused on Dunsandel, so he’s confident about the future.

Synlait goes social in China



Synlait launched its official WeChat account, Synlait新莱特, strengthening the company’s presence in one of the world’s most important dairy markets. With more than 1.3 billion monthly users, WeChat is China’s leading platform for business communication and engagement. The channel enables Synlait to connect with customers, distributors and industry partners, while showcasing the company’s expertise, premium product capabilities and commitment to quality. The platform will play an important role in building brand awareness and supporting future growth opportunities in China.

Deepening capability in our operational teams



Ian Tucker has spent the past two-and-a-half years rebuilding Synlait’s operator training system to better reflect the scale and complexity of its manufacturing environment. The new framework separates training from assessment, with clear competency checks and practical task verification. Nearly 200 documents have already been created, starting with warehouse and dryer operations, with more areas to follow. Built through observation and conversations with operators, the system captures their expertise, pride and decision-making. For Ian, it is about evidence; proving people can do the job, while helping experience grow into real operational skill.

Refreshed business development approach



In her first year at Synlait, Rachael Grooby has helped shift product development toward a more market-led approach. As Category Strategy Manager, she looks for emerging opportunities, tests their commercial potential and connects them with Synlait’s manufacturing capability. Her focus is on understanding where consumer demand is heading, then adapting existing operations to meet it. Adult nutrition, healthy ageing and nutrition support for people on weight control medications are early examples. For Rachael, the opportunity is to get ahead of the innovation cycle, partner with customers and develop premium solutions that may look different from the past.

Our Board of Directors

Chair



George Adams
Audit & Risk Committee Member
People, Environment & Governance Committee Member

Independent Director



Katherine Turner²
Audit & Risk Committee Chair
People, Environment & Governance Committee Member

Non-independent Directors



Leon Fung¹
Executive Director



Julia Zhu
People, Environment & Governance Committee Chair
Audit & Risk Committee Member



Edward Yang
People, Environment & Governance Committee Member



Tao Zhang

Our Executive Leadership Team



Leon Fung¹
Acting Chief Executive Officer



Andy Liu
Chief Financial Officer



Richard Hickson²
Chief Operating Officer



Hamish Yates³
Chief Revenue Officer



Tim Carter
Dairyworks Chief Executive Officer



Stephanie Manning
Director Safety, People & Culture



Abby Ye
President China & Director of Foodservice



Glenn Laing⁴
Director – Special Projects



David Williams⁵
General Manager Milk Supply & Sustainability

¹ Leon Fung was a Non-independent Director until 14 May 2026, when he was appointed Acting CEO.
² Katherine Turner joined the Board as an Independent Director on 18 May 2026, replacing Paul McGilvary.

¹ Leon Fung was appointed Acting Chief Executive Officer on 14 May 2026.
² Richard Hickson joined as Chief Operating Officer on 2 February 2026.
³ Hamish Yates joined as Chief Revenue Officer on 1 December 2025.
⁴ Glenn Laing has resigned as Director – Special Projects, and will leave Synlait in December 2026.
⁵ David Williams was appointed General Manager Milk Supply & Sustainability on 25 May 2026.



Irish David, Process Technician
– Blending and Canning.

Statutory information

1. Business operations

Synlait is a nutrition company that combines expert farming with state-of-the art processing to produce Advanced Nutrition, Foodservice, and Ingredient products.

In September 2025, Synlait entered into a binding conditional agreement to sell its North Island assets to global healthcare leader Abbott. Following the satisfaction of all conditions, settlement occurred on 1 April 2026.

Following the divestment of the North Island assets, Synlait has simplified its operating model to re-focus its manufacturing operations and growth strategy on the Dunsandel site.

Other than the completion of the North Island asset sale, Synlait made no material changes to its corporate structure during the year.

2. Directors

Synlait’s Directors are profiled on our website: synlait.com/people/

This table sets out the people that held office (or ceased to hold office) as a Director of Synlait and its subsidiaries during the year ending 31 July 2026:

Company	Directors		Appointed
Synlait Milk Limited	George Adams (Chair)	Independent	21 March 2024
Synlait Milk Finance Limited	Paul McGilvary ¹	Independent	24 January 2022
	Paul Washer ²	Independent	2 December 2022
	Katherine Turner	Independent	18 May 2026
	Leon Fung ³	Executive Director (Non-independent)	3 June 2024
	Sihang Yang (Edward)	Non-independent	11 November 2010
	Tao Zhang	Non-independent	26 February 2024
	Zhu Yi (Julia)	Non-independent	19 June 2023
Company	Directors		
The New Zealand Dairy Company Limited	Robert Stowell ⁴		
	Leon Fung ⁵		
	Lei Liu (Andy) ⁶		
Eighty Nine Richard Pearse Drive Limited	Robert Stowell ⁴		
	Leon Fung ⁵		
	Lei Liu (Andy) ⁶		
Synlait Business Consulting (Shanghai) Co., Ltd	Robert Stowell ⁴		
	Paul Mallard ⁷		
Dairyworks Limited	Timothy Carter		
	Leon Fung ⁵		
Synlait Milk (Dunsandel Farms) Limited	Robert Stowell ⁴		
	Leon Fung ⁵		
	Lei Liu (Andy) ⁶		
Synlait Milk (Holdings) No.1 Limited	Robert Stowell ⁴		
	Leon Fung ⁵		
	Lei Liu (Andy) ⁶		

Synlait has considered the independence of its two Independent Directors against the definition in the NZX Listing Rules, the commentary to recommendation 2.4 in the NZX Corporate Governance Code and its Board Charter and is satisfied its Independent Directors meet the requirements for independence.

¹ Paul McGilvary retired from the Board as an Independent Director on 18 May 2026 and was replaced by Katherine Turner.

² Paul Washer retired from the Board as an Independent Director on 21 November 2025.

³ Leon Fung was a Non-independent Director until 14 May 2026, when he was appointed Acting CEO.

⁴ Robert Stowell resigned as Chief Supply Chain & Technology Officer and Director of associated Synlait subsidiary companies on 18 June 2026.

⁵ Leon Fung was appointed Director of this subsidiary on 18 June 2026.

⁶ Lei Liu (Andy) was appointed Director of this subsidiary on 18 June 2026.

⁷ Paul Mallard left his role as Chief Operating Officer in December 2025. New directors are in the process of being appointed for this subsidiary company.

3. Director interests

The following declarations of interest were made by Directors of Synlait and its subsidiaries under section 140 of the Companies Act 1993.

Entries which are *italicised* indicate new disclosures during the year ended 31 July 2026.

Board of Directors
George Adams
Chair and Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Chair, Director and Shareholder Insightful Mobility Limited
Chair and Director Netlogix Group Holdings Limited
Director and Shareholder Arborgen Holdings Limited
Chair, Director and Shareholder Apollo Foods Limited
Director The Apple Press Limited
Director Mars Manufacturing Limited
Director Apollo Brands Limited
Chair and Director NZFF Holdco Limited
Chair and Director Redshield Security Limited
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited
Leon Fung
Director Synlait Milk Limited
Director Synlait Milk Finance Limited
<i>Director The New Zealand Dairy Company⁸</i>
<i>Director Eighty Nine Richard Pearse Drive Limited⁸</i>
<i>Director Dairyworks Limited⁸</i>
<i>Director Synlait Milk (Dunsandel Farms) Limited⁸</i>
<i>Director Synlait Milk (Holdings) No.1 Limited⁸</i>
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited
Chief Executive Officer NIG Nutritionals Limited ⁹
Director and Shareholder Auspocean Limited
Director Silver Fern Biotech & Products Limited
Director and Shareholder MTC Information Technology NZ Limited
Director and Shareholder Tec-Pe New Zealand Limited
Director and Shareholder Beverly Hills Asset Management Limited
Director Gambol Pet Food (New Zealand) Co., Limited

⁸ Leon Fung was appointed Director of this subsidiary on 18 June 2026.

⁹ Leon Fung resigned as Chief Executive Officer NIG Nutritionals Limited on 30 September 2025.

Paul McGilvary¹⁰
Director and Shareholder Synlait Milk Limited
Director Synlait Milk Finance Limited
Director New Zealand Hops Limited
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Paul Washer¹¹
Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Chief Financial Officer Pact Group Holdings (Australia) Pty Ltd
Director Pact Group Holdings Limited ¹²
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Sihang Yang (Edward)

Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Zhu Yi (Julia)

Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Tao Zhang

Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Receipt of Directors’ Fees from Synlait Milk Limited at approved rate
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Robert Stowell¹³
Director Synlait Milk (Dunsandel Farms) Limited
Director Eighty Nine Richard Pearse Drive Limited
Director The New Zealand Dairy Company Limited
Director Synlait Milk (Holdings) No.1 Limited
Director Synlait Business Consulting (Shanghai) Co., Ltd.
Director and Shareholder Orange Homes (2022) Limited
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Timothy Carter

Director Dairyworks Limited
Director and Shareholder Niko Holdings 2003 Limited
Shareholder Tatahi Holdings Limited
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Paul Mallard¹⁴

Director Synlait Business Consulting (Shanghai) Co., Ltd.
Insurance cover arranged by Synlait Milk Limited
Deed of Indemnity and Access from Synlait Milk Limited

Lei Liu (Andy)

Shareholder Synlait Milk Limited
<i>Director The New Zealand Dairy Company Limited¹⁵</i>
<i>Director Eighty Nine Richard Pearse Drive Limited¹⁵</i>
<i>Director Dairyworks Limited¹⁵</i>
<i>Director Synlait Milk (Dunsandel Farms) Limited¹⁵</i>
<i>Director Synlait Milk (Holdings) No.1 Limited¹⁵</i>
<i>Insurance cover arranged by Synlait Milk Limited</i>
<i>Deed of Indemnity and Access from Synlait Milk Limited</i>

Katherine Turner¹⁶

<i>Director Synlait Milk Limited</i>
<i>Director Synlait Milk Finance Limited</i>
<i>Board Trustee Garden to Table</i>
<i>Director and Shareholder Cresta Properties Limited</i>
<i>Receipt of Directors’ Fees from Synlait Milk Limited at approved rate</i>
<i>Insurance cover arranged by Synlait Milk Limited</i>
<i>Deed of Indemnity and Access from Synlait Milk Limited</i>

¹⁰ Paul McGilvary retired from the Board as an Independent Director on 18 May 2026.

¹¹ Paul Washer retired from the Board as an Independent Director on 21 November 2025.

¹² Pact Group Holdings (NZ) Limited is the ultimate holding company of a number of subsidiaries, some of which, Paul Washer is also a Director and/or Shareholder of. Pact Group, via its subsidiaries Alto Packaging Limited, Astron Plastics Limited and VIP Plastic Packaging (NZ) Limited, is a supplier to Synlait on normal terms of trade. There was a protocol in place whereby Paul Washer abstained from all Board discussions and decisions involving the supply agreements between Synlait and Pact Group.

¹³ Robert Stowell resigned as Chief Supply Chain & Technology Officer and Director of associated Synlait subsidiary companies on 18 June 2026.

¹⁴ Paul Mallard left his role as Chief Operating Officer in December 2025.

¹⁵ Lei Liu (Andy) was appointed Director of this subsidiary on 18 June 2026.

¹⁶ Katherine Turner joined the Board as an Independent Director on 18 May 2026.

Executive Leadership Team

Richard Wyeth ¹⁷
Director and Shareholder Rise Corporation Limited
Director and Shareholder Ngaranui 2024 Limited
Shareholder Omakau Milk Company Limited, the sole shareholder of Lake Satinburn Dairies Limited ¹⁸
Richard Hickson ¹⁹
Director and Shareholder 1891 Holdings Limited
Yanlin Ye (Abby)
Director Primary Collaboration New Zealand Limited

4. Director remuneration

There was no change to the fees paid to Directors of Synlait this financial year. The fees received by Directors, as approved by shareholders on 27 November 2019 and effective 1 April 2020, are:

Role	Fee
Directors, excluding the Chair and Committee Chairs	\$88,900
Board Chair	\$178,000
Audit and Risk Committee Chair	\$104,150
People Environment and Governance Committee Chair	\$100,900

This table sets out the total remuneration and the value of other benefits received by Synlait Directors during the year ended 31 July 2026:

Director	Role	Remuneration
George Adams	Independent Director Board Chair	\$178,000
Paul McGilvary ²⁰	Independent Director	\$74,676.61
Paul Washer ²¹	Independent Director	\$32,112.92
Leon Fung ²²	Non-independent Director	\$75,501.08
Sihang Yang (Edward)	Non-independent Director	\$88,900
Tao Zhang	Non-independent Director	\$88,900
Zhu Yi (Julia) ²³	Non-independent Director Chair of People, Environment and Governance Committee	\$98,792.67
Katherine Turner ²⁴	Independent Director Chair of Audit and Risk Committee	\$20,997.98

Fees are not paid to Directors or employees of Synlait for acting as a Director of any Synlait subsidiary companies.

The Board is committed to maintaining a remuneration framework for Directors that supports effective governance while reflecting shareholder interests and market practice.

Under Synlait's Strategic Remuneration Policy, the People, Environment and Governance Committee reviews Director remuneration as required to ensure it remains appropriate having regard to the size, complexity and strategic priorities of the business, as well as market benchmarks and governance expectations. Independent external advice is obtained when required.

Any proposed changes to the Director fee pool are disclosed to shareholders, together with the supporting rationale and independent market review, and are subject to shareholder approval at the Annual Meeting.

Non-executive Directors receive fixed fees only and do not participate in Synlait's short-term or long-term incentive arrangements. This approach supports independent decision-making and ensures Directors remain focused on the long-term interests of shareholders.

¹⁷ Richard Wyeth was employed by Synlait until 30 June 2026 following his resignation as Chief Executive Officer on 14 May 2026.

¹⁸ Lake Satinburn Dairies Limited was incorporated on 11 September 2025.

¹⁹ Richard Hickson joined as Chief Operating Officer on 2 February 2026.

²⁰ Paul McGilvary retired from the Board as an Independent Director on 18 May 2026, and chaired the People, Environment and Governance Committee until 21 November 2025.

²¹ Paul Washer retired from the Board as an Independent Director on 21 November 2025, and chaired the Audit and Risk Committee until his retirement.

²² Leon Fung was a Non-independent Director until his appointment as Acting Chief Executive Officer on 14 May 2026, after which he no longer received any Director fees. During that period, he chaired the People, Environment and Governance Committee from 21 November until his appointment as Acting Chief Executive Officer.

²³ Julia Zhu chaired the Audit and Risk Committee between 22 November 2025 and 18 May 2026, and has chaired the People, Environment and Governance Committee since 19 May 2026.

²⁴ Katherine Turner joined the Board as an Independent Director on 18 May 2026, and has chaired the Audit and Risk Committee since her appointment.

5. Director holdings

This table sets out the relevant interests held by Directors during the period in securities issued by Synlait:

Director	Securities held (legally or beneficially) as at 31 July 2026	Securities held (legally or beneficially) as at 31 July 2025
George Adams	0	0
Leon Fung	0	0
Paul McGilvary ²⁵	3,500 ordinary shares	3,500 ordinary shares
Paul Washer ²⁶	0	0
Sihang Yang (Edward)	0	0
Tao Zhang	0	0
Zhu Yi (Julia)	0	0
Katherine Turner ²⁷	0	0

6. Employee remuneration

During the year ended 31 July 2026, 556 employees (including former employees) of Synlait and its subsidiaries (not being Directors) received remuneration and other benefits, in their capacity as employees, of \$100,000 or more, information includes overtime and company contribution to KiwiSaver, as set out below:

Salary bracket (\$)	Number of employees
100,000 – 109,999	111
110,000 – 119,999	88
120,000 – 129,999	93
130,000 – 139,999	72
140,000 – 149,999	43
150,000 – 159,999	26
160,000 – 169,999	25
170,000 – 179,999	17
180,000 – 189,999	14
190,000 – 199,999	11
200,000 – 209,999	6
210,000 – 219,999	8
220,000 – 229,999	7
230,000 – 239,999	5
240,000 – 249,999	2
250,000 – 259,999	1
260,000 – 269,999	3
270,000 – 279,999	2
280,000 – 289,999	1
290,000 – 299,999	2
310,000 – 319,999	1
320,000 – 329,999	2
340,000 – 349,999	1
370,000 – 379,999	1
380,000 – 389,999	2
390,000 – 399,999	1
400,000 – 409,999	2
430,000 – 439,999	2
450,000 – 459,999	1
460,000 – 469,999	1
470,000 – 479,999	1
510,000 – 519,999	1
550,000 – 559,999	1
770,000 – 779,999	1
2,020,000 – 2,029,999	1

Synlait's Strategic Remuneration Policy is endorsed by the People, Environment and Governance Committee for approval by the company's Board.

²⁵ Paul McGilvary retired from the Board as an Independent Director on 18 May 2026.
²⁶ Paul Washer retired from the Board as an Independent Director on 21 November 2025.
²⁷ Katherine Turner joined the Board as an Independent Director on 18 May 2026.

Chief Executive Officer remuneration

The table below sets out remuneration paid to Synlait’s Chief Executive Officer in the year to 31 July 2026:

Remuneration	Richard Wyeth ²⁸	Leon Fung ²⁹
Salary	\$884,231	\$170,180
KiwiSaver	\$111,817	\$5,956
Medical insurance	\$939	0
LTI	0	0
STI	0	0
Other remuneration ³⁰	\$1,029,385	0
Total	\$2,026,372	\$176,136

The remuneration of the Chief Executive Officer is reviewed annually by the People, Environment and Governance Committee and approved by the Board.

The CEO's remuneration is structured in accordance with the same principles that apply to the broader executive team, comprising fixed remuneration, short-term incentives and long-term incentives. A substantial portion of the CEO's remuneration opportunity is linked to the achievement of company and individual performance objectives and the delivery of long-term shareholder value.

This structure ensures the CEO's remuneration is aligned with the successful execution of Synlait's strategy and the achievement of sustainable business performance.

CEO Short-Term Incentive (STI)

The Chief Executive Officer participates in Synlait's Short-Term Incentive (STI) Scheme, which is designed to reward the achievement of annual business and individual performance objectives that support Synlait's strategy and long-term success.

For FY26, the CEO's target STI opportunity was up to 40% of base salary.

The FY26 STI comprised:

Component	Weighting	Description
Company performance	60%	Based on achievement of Board-approved financial performance objectives, including EBITDA targets.
Individual performance	40%	Based on achievement of Board-approved strategic, operational, transformation and cost-efficiency objectives.

The individual performance component included measures relating to strategic planning, organisational transformation, operational performance, regulatory milestones, cost management and delivery of key strategic projects.

The Company Performance component operates as a gateway to payment of the Individual Performance component. Subject to Board discretion, if the minimum Company Performance threshold is not achieved, no payment will be made in respect of the Individual Performance component.

Individual objectives trigger payment entitlements at a defined threshold of achievement and are subject to a maximum payout cap.

The Board retains discretion to adjust outcomes where necessary to ensure remuneration outcomes appropriately reflect overall business performance, shareholder experience, risk management outcomes and individual contribution.

Final STI payments are determined by the Board following completion of the annual financial audit.

CEO Long Term Incentive (LTI)

The Chief Executive Officer participates in Synlait's Long-Term Incentive (LTI) framework, which is designed to align executive reward with the creation of sustainable long-term shareholder value and the successful delivery of Synlait's strategic objectives.

The current LTI programme operates over a three-year performance period and provides a target opportunity equivalent to 40% of base salary. Awards are subject to achievement of Board-approved long-term performance measures and may vest in part, in full, or not at all depending on performance outcomes.

The FY25-FY27 programme is weighted across two long-term performance measures:

Performance measure	Weighting
Shareholder value creation	30%
Capital efficiency and long-term financial performance	70%

As the current programme remains within the three-year assessment period ending in FY27, no payments have been made under the scheme during FY26. Any future payment remains subject to achievement of the approved performance conditions and Board approval.

No STI or LTI payments were made to the former CEO during FY26. The CEO departed the business before the end of the financial year and before completion of the relevant performance assessment and vesting periods.

The Board is currently reviewing Synlait's executive incentive arrangements to ensure they remain aligned with the company's strategic priorities, shareholder interests and market practice. Any changes arising from this review will be disclosed in future remuneration reports.

²⁸ Richard Wyeth was employed by Synlait until 30 June 2026 following his resignation as Chief Executive Officer on 14 May 2026.
²⁹ Leon Fung assumed the role of Acting CEO on 14 May 2026. No further director fees were payable to Leon during the reporting period due to his executive director status from that date.
³⁰ Includes payment of accrued annual leave entitlements and discretionary payments.

Executive remuneration framework

Synlait's executive remuneration framework is designed to attract, retain and motivate high-calibre leaders while supporting the delivery of the company's strategy and the creation of sustainable long-term shareholder value.

The framework is governed by the Board through the People, Environment and Governance Committee and is reviewed regularly to ensure it remains aligned with business strategy, market practice and shareholder expectations.

Executive remuneration comprises three key components:

Component	Purpose	Performance link
Fixed Remuneration	Provides competitive remuneration reflecting the role, responsibilities, skills and experience required.	Annual remuneration reviews take into account individual performance, contribution, market competitiveness and internal relativities.
Short-Term Incentive (STI)	Rewards the achievement of annual business and individual performance objectives.	Directly linked to annual performance outcomes.
Long-Term Incentive (LTI)	Encourages sustainable value creation and long-term decision-making.	Directly linked to multi-year performance measures aligned to shareholder returns and capital efficiency.

While performance may influence fixed remuneration adjustments over time, the majority of performance-based reward is delivered through the STI and LTI arrangements. This ensures remuneration outcomes are appropriately aligned with business performance and shareholder value creation.

Executive Short-Term Incentive (STI)

The STI rewards executives for delivering annual objectives that support Synlait’s business plan and strategic priorities. Performance is assessed against Board-approved company and individual measures. Awards are not guaranteed.

For each financial year, the Board approves:

- the threshold, target and maximum incentive opportunity;
- the performance measures and their weightings;
- the performance level required for threshold, target and maximum outcomes;
- any financial or other gateway applying before an award may be paid; and
- the treatment of significant risk, safety, conduct or quality events.

At the end of the performance period, the Board assesses results against the approved measures. The Board may adjust an outcome where the calculated result does not fairly reflect underlying company performance, shareholder experience, risk outcomes or individual contribution.

Executive Long-Term Incentive (LTI)

The Long-Term Incentive Scheme is designed to align executive interests with those of shareholders by linking reward outcomes to the achievement of sustained long-term performance.

LTI awards are assessed over a three-year performance period and are subject to achievement of clearly defined performance measures that support long-term value creation.

The FY25-FY27 performance measures include:

- Total Shareholder Return (TSR)**, which measures the value delivered to shareholders through changes in share price and returns over the performance period.
- Return on Net Capital Employed (RoNCE)**, which measures the company's ability to generate returns from the capital invested in the business.

These measures encourage disciplined capital allocation, sustainable profitability and decisions that support long-term business success. LTI awards are contingent on performance and may vest in part, in full or not at all depending on the extent to which performance conditions are achieved.

7. Donations

Donations made by the Synlait Group (including wholly owned subsidiary Dairyworks Limited) during the year ended 31 July 2026 totalled \$40,419

Synlait made no political donations.

8. Auditors

In the year to 31 July 2026, Synlait’s total payments to its auditors KPMG were as follows:

KPMG service included in administration and operating expenses	
Statutory audit fee	\$420,000
Half year accounts review	\$105,000
Bright Group financial audit	\$325,000
Other assurance services	-
Total	\$850,000

9. Stock exchange listings

Synlait’s ordinary shares have been listed on the NZX Main Board since 23 July 2013 (ticker code: SML).

On 24 November 2016 Synlait completed a compliance listing on the ASX as a foreign exempt issuer (ticker code: SM1). As an ASX foreign exempt issuer, Synlait complies with the NZX Listing Rules (other than as waived by NZX Regulation) and is exempt from complying with most of the ASX Listing Rules, as set out in ASX Listing Rule 1.15.

In December 2019, Synlait issued \$180 million of unsecured, subordinated, fixed rate bonds with an interest rate of 3.83% per annum. These securities were quoted and traded on the NZX Debt Market (ticker code: SML010).

In November 2020, Synlait successfully completed a \$200 million equity raise to complete the investment phase of its strategy and strengthen its balance sheet. The equity raise comprised of a \$180 million underwritten placement at a fixed price of NZ\$5.10 per share and a \$20 million underwritten share purchase plan at the same share price.

In September 2024, Synlait announced and completed a recapitalisation, which included aggregate new equity of \$217.8 million, with its two largest shareholders. The recapitalisation required a Special Shareholders’ Meeting which was held on Wednesday 18 September 2024. Shareholders approved by way of ordinary resolutions the issuance of approximately \$217.8 million of new equity capital by way of:

- A \$185 million issue of shares to Bright Dairy Holding Limited (Bright Dairy) at an issue price of \$0.60 (a 100% premium to the closing price of Synlait’s shares on the NZX Main Board on 15 August 2024 (which was the last undisturbed share price prior to announcement of the settlement with The a2 Milk Company and its support of Synlait’s equity raise, and a 40% premium to the issue price of \$0.43 for the a2MC placement)), which increased its shareholding in Synlait from 39.01% to 65.25% (Bright Dairy placement); and
- A \$32.8 million issue of shares to The a2 Milk Company Limited (a2MC) at an issue price of \$0.43 (a 43% premium to the closing price of Synlait’s shares on the NZX Main Board on 15 August 2024 (which was the last undisturbed share price prior to announcement of the settlement with a2MC and its support of Synlait’s equity raise), which resulted in its holding of 19.83% being retained (a2MC placement). The settlement with a2MC and a2 Infant Nutrition Limited announced on 16 August 2024 was conditional on a number of matters including the Bright Dairy placement and a2MC placement and accordingly has been included in the resolution to approve the a2MC placement.

The shares were issued to Bright Dairy and The a2 Milk Company on Tuesday 1 October 2024.

The placement of shares to Bright Dairy triggered a change of control event in relation to the SML010 bonds. Following the change of control event, holders of the SML010 bonds had a 10-working day period to elect to have their bonds redeemed. Following the elections, holders holding approximately \$169 million of the \$180 million bonds elected to have their bonds redeemed early on Wednesday 13 November 2024. The remainder of the bonds matured on Tuesday 17 December 2024.

10. Top 20 security holders and substantial security holders

Synlait had the following securities on issue as at 31 July 2026:

- 603,198,098 ordinary shares

Set out below are Synlait’s largest shareholders, as recorded on Synlait’s share register, as at 31 July 2026:

	Number of shares held	Percentage of ordinary shares on issue
01. Bright Dairy Holding Limited	393,599,938	65.3%
02. Citicorp Nominees Pty Limited	119,787,977	19.9%
03. New Zealand Depository Nominee Limited ³¹	13,657,707	2.3%
04. Lowquest Pty Ltd	5,733,760	1.0%
05. BNP Paribas Nominees Pty Ltd	5,065,937	0.8%
06. John Penno	3,022,580	0.5%
07. Wairahi Investments Limited	2,500,000	0.4%
08. BNP Paribas Nominees (NZ) Limited ³¹	2,485,398	0.4%
09. Lennon Holdings Limited	1,800,000	0.3%
10. Custodial Services Limited	1,320,538	0.2%
11. Rainer & Shanti Huebner	1,300,000	0.2%
12. Paul & Bronwyn Lancaster	1,055,623	0.2%
13. Juanjuan Wang	958,000	0.2%
14. Therese Roche	900,000	0.1%
15. FNZ Custodians Limited	893,352	0.1%
16. Citibank Nominees (New Zealand) Limited ³¹	859,554	0.1%
17. Amare Holdings Limited	775,000	0.1%
18. Jingli Fan	699,248	0.1%
19. Forsyth Barr Custodians Limited	609,636	0.1%
20. Phuong Thi Ngoc Duong	565,917	0.1%
Total	557,590,165	92.4%

According to notices given under section 280(1)(b) of the Financial Markets Conduct Act 2013, the following are Synlait’s substantial product holders as at 31 July 2026. The number of shares owned is as advised by the shareholder in their last Substantial Security Holder Notice.

Substantial product holder	Number of ordinary shares in which relevant interest is held	Percentage of total ordinary shares on issue
Bright Dairy Holding Limited	393,599,938	65.3%
The a2 Milk Company Limited	119,635,613	19.8%
Total	513,235,551	85.1%

³¹ These shares are held through New Zealand Central Securities Depository Limited (NZCSD), a depository system operated by New Zealand Clearing and Depository Corporation Limited which allows electronic settlement and trading of securities. New Zealand Depository Nominee Limited is the entity that holds legal title to securities lodged in the NZCSD depository.

11. Spread of product holders

The spread of Synlait’s ordinary shareholders as at 31 July 2026 is as follows*:

Size of holding	Number of investors	Percentage of investors	Total number of shares	Percentage issued
1 – 1,000	2,109	40.00%	897,286	0.15%
1,001 – 5,000	1,773	35.03%	4,660,578	0.77%
5,001 – 10,000	538	10.60%	4,114,796	0.68%
10,001 – 50,000	583	10.93%	12,710,462	2.11%
50,001 – 1,000,000	190	3.23%	29,485,518	4.89%
1,000,001 and over	12	0.21%	551,329,458	91.40%
Total	5,205	100.00%	603,198,098	100.00%

* Based on the data of registered holders.

12. Credit rating

Synlait does not have a credit rating.

13. NZX Waivers

During the financial year, Synlait obtained and relied on a number of waivers from the NZX Listing Rules. A summary of those waivers, together with the relevant conditions and implications, is set out below. Copies of the waivers described in this section, and other waivers obtained or relied on by Synlait, are available in the Investor Centre on Synlait’s website and on [nzx.com](#) and [asx.com.au](#) under the ticker codes "SML" and "SM1", respectively.

Major Transactions

On 29 May 2024, Synlait was granted a waiver by NZ RegCo from NZX Listing Rule 5.1.1(b), to the extent required to allow Synlait to enter into certain “Relevant Contracts” during a period of 12 months from the date of the waiver and perform the Relevant Contracts without needing to obtain shareholder approval (“Major Transaction Waiver”). This waiver was relied upon throughout most of the financial year ended 31 July 2025 and expired on 29 May 2025. A new waiver on analogous terms was subsequently issued on 29 July 2025, permitting Synlait to continue entering into and performing Relevant Contracts without shareholder approval for a further 12-month period, until 29 July 2026. NZ RegCo noted that the 2025 Waiver covers routine renewals or rollovers of key Relevant Contracts previously entered under the 2024 Waiver.

A condition of each Major Transaction Waiver is that the waiver, its conditions, and implications are disclosed in Synlait’s annual report for the relevant financial year. NZ RegCo published the Non-Interested Directors’ certificate to market alongside publication of the waiver decision.

The Major Transaction Waivers have provided relief from NZX Listing Rule 5.1.1(b) as set out below (with the conditions):

Waiver from Rule 5.1.1(b): To the extent required to allow Synlait to enter into Relevant Contracts during a period of 12 months from the date of the waiver and perform the Relevant Contracts without needing to obtain shareholder approval by ordinary resolution.

Conditions: The Major Transaction Waivers are subject to the following conditions:

- Synlait’s Non-Interested Directors certify to NZX that the granting of the waiver is in the best interest of each of (i) Synlait, and (ii) Synlait’s shareholders as a whole;
- Synlait’s Non-Interested Directors certify to NZX that the Relevant Contracts will (i) not significantly change the nature of Synlait’s business, and (ii) be in the ordinary course of Synlait’s business;
- Synlait’s Non-Interested Directors certify to NZX that the Relevant Contracts are in the best interest of each of (i) Synlait, and (ii) Synlait’s shareholders as a whole;
- Synlait’s Non-Interested Directors include in the certificate a summary of the core grounds for the certifications given under each limb of the three conditions described above;
- Synlait’s Non-Interested Directors certify to NZX that entry into and performance of one or more Relevant Contracts is not, and will not be, a major transaction requiring shareholder approval of Synlait’s shareholders for the purposes of the Companies Act 1993; and
- the waiver and its conditions and implications are disclosed in Synlait’s annual report for the financial year ending 31 July 2025.

Synlait relied on the Major Transaction Waiver granted on 29 May 2025 during the financial year ending 31 July 2026, through to its expiry on 29 July 2026.

Implications: The Major Transaction Waivers note that the policy behind NZX Listing Rule 5.1.1(b) is to regulate those transactions which have a value that represents a majority of the equity that investors hold in the issuer and, as a result, are deemed to be so significant to the issuer, and therefore so likely to impact shareholders’ interests, that shareholders should have an opportunity to consider the transaction and exercise their right to vote before the transaction can take effect. The waivers were sought because the application of NZX Listing Rule 5.1.1(b) in respect of entry into and performance of the Relevant Contracts would otherwise impose an unreasonable and disproportionate restriction on Synlait’s ability to enter into long-term and multi-year arrangements that are part of its primary business undertakings. The Major Transaction Waivers allow Synlait to enter into Relevant Contracts without the need for shareholder approval, meaning a shareholder meeting will not need to be called and shareholders will not have the opportunity to vote on whether Relevant Contracts are entered into by Synlait. Relevant Contracts are contracts entered into and performed by Synlait or any of its subsidiaries as part of its primary business undertakings (ordinary course) and which are principally:

- for the purchase and payment for dairy products or non-dairy nutritional products;
- for the purchase and payment for products, raw materials or services involved in the manufacture and sale of dairy products and non-dairy nutritional products; or
- with a customer for the supply by a Synlait group member of dairy products or non-dairy nutritional products derived from, or manufactured using, dairy products or non-dairy nutritional products or raw materials supplied to a Synlait group member,

to the extent that such Relevant Contract:

- is entered into in the 12-month period after the date of the waiver;
- has a Gross Value of more than 50% of Synlait’s Average Market Capitalisation;
- and is a transaction or series of related transactions falling within, or in connection with, the transactions described above.

Synlait’s Non-Interested Directors have certified to NZX that:

- the granting of the waiver is in the best interest of each of Synlait and Synlait’s shareholders as a whole;
- the Relevant Contracts will not significantly change the nature of Synlait’s business and will be in the ordinary course of Synlait’s business;
- the entry into and performance of one or more Relevant Contracts is not, and will not be, a major transaction requiring shareholder approval of Synlait’s shareholders for the purposes of the Companies Act 1993.

Outside the scope of the waiver, NZX Listing Rule 5.1.1 continues to apply, and the Companies Act 1993 major transaction protections remain unchanged.

Related Party Transaction – Replacement Bright Loan

On 29 June 2026, Synlait was granted a waiver by NZ RegCo from NZX Listing Rule 5.2.1, to the extent required to allow Synlait to enter into a replacement shareholder loan facility with Bright Dairy International Investment Limited (“Replacement Bright Loan”) without obtaining shareholder approval by ordinary resolution (“Related Party Transaction Waiver”). The waiver was granted in connection with the refinancing of Synlait's existing syndicated banking facilities and the replacement of the existing Bright shareholder loan.

A condition of the Related Party Transaction Waiver is that the waiver, its conditions and implications are disclosed in Synlait's annual report for the year ended 31 July 2026. NZ RegCo published the Non-Interested Directors’ certificate to market alongside publication of the waiver decision.

The Related Party Transaction Waiver provided relief from NZX Listing Rule 5.2.1 as set out below (with the conditions):

Waiver from Rule 5.2.1: To the extent required to allow Synlait to enter into the Replacement Bright Loan without obtaining shareholder approval by ordinary resolution.

Conditions: The Related Party Transaction Waiver was granted subject to the following conditions:

- the non-interested Directors certify that the terms of the Replacement Bright Loan have been entered into, and have been negotiated, on an arm’s length commercial basis;
- the non-interested Directors certify that Synlait was not influenced to enter into the Replacement Bright Loan by Bright Dairy Holding Limited or Bright Dairy International Investment Limited;
- the non-interested Directors certify that the granting of the waiver in respect of the Replacement Bright Loan is in the best interests of Synlait and all of Synlait’s shareholders;
- the non-interested Directors of Synlait certify that the Replacement Bright Loan is in the best interests of Synlait, all of Synlait’s shareholders, and all of Synlait’s shareholders who are not precluded from voting under Rule 6.3;
- the non-interested Directors include in the certificate a summary of the core grounds for the certification given under each limb of conditions listed above; and
- the waiver, its conditions and implications being disclosed in Synlait’s next annual report.

Implications: NZX Listing Rule 5.2.1 ordinarily requires shareholder approval before an issuer enters into a material transaction with a related party. The purpose of the rule is to ensure shareholders have an opportunity to consider and vote on transactions where there may be actual or perceived influence by a related party. NZ RegCo granted the waiver after being satisfied that the Replacement Bright Loan had been negotiated on an arm's length basis by an Independent Directors' Committee, that Bright Dairy's involvement had not influenced Synlait's decision to enter into the transaction, and that the transaction and waiver were in the best interests of Synlait and its shareholders. NZ RegCo noted that the Replacement Bright Loan is on substantially the same terms as the existing Bright shareholder loan approved by shareholders in July 2024, and that entry into the Replacement Bright Loan was required to facilitate the refinancing of Synlait's syndicated banking facilities. NZ RegCo also noted that, without the waiver, Synlait could not be certain of completing the refinancing within the required timeframe.

14. NZX Corporate Governance Code

Synlait’s statement on the extent to which Synlait has followed the recommendation in the NZX Code during the year to 31 July 2026 can be found at: synlait.com/investors/corporate-governance

Synlait’s operating subsidiaries operate largely independently from Synlait. Synlait does not require them to comply with the recommendations in the NZX Code.

15. Gender composition

This table sets out the gender composition of Synlait’s Directors and Officers (CEO and direct reports to the CEO) as at 31 July 2026. The prior year’s comparison is in brackets.

Group ³²	Female	Male	Total
Board	2 (1)	4 (6)	6 (7)
Officer	2 (3)	7 (8)	9 (11)
Total	4	11	15

16. Performance against Diversity and Inclusion Policy

Synlait’s Diversity and Inclusion Policy promotes a culture of diversity and inclusiveness, putting in place appropriate strategies and measurable objectives. We aim to achieve three main goals:

- Workforce diversity – employ, develop and retain more women and Māori.
- Diversity through leadership – empower and equip our people leaders to recruit, develop and retain a diverse and competent workforce.
- Workforce inclusion – foster a culture that encourages flexibility and fairness, to enable all employees to realise their potential, and thereby increase employee retention.

To help us meet these goals we have our Mātua (Parental Leave) Policy and our Tāwariwari (Flexible Working) Policy, and report to the Board on candidate diversity. Our success will be measured against the following as at the end of FY26. The prior year’s comparison is in brackets.

Measure	Progress as at 31 July 2026
Reduction of the gender pay gap to ≤ 8%	Median 13.22%, Average 9.6% (Median 14%, Average 8.7%)
40-50% of leadership positions (people leaders, supervisors, specialist roles and senior leadership) held by women	39.7% (41.3%)
No regretted losses of high potential female employees	8 (9)

³² Leon Fung has been included in the numbers for both Board and Officer because he was an Executive Director and Acting Chief Executive Officer as at 31 July 2026.

17. Board skills matrix³³

		Number of Directors (Total 6)	
		Level of capability	
Capability	Description	High	Medium
Consumer products	Experience as a senior executive in, or as a professional advisor to, consumer products businesses, including sales and marketing, product innovation and supply chain.	● ● ● ●	●
Data and technology	Experience in the implementation of digital transformation or new digital product development, including digital marketing and commerce and leveraging data and technology in a consumer products business.	● ● ●	● ●
Financial acumen	Understanding of financial statements and reporting, key drivers of financial performance, corporate finance and internal controls.	● ● ● ●	●
Food and manufacturing safety and quality	Technical or managerial experience relating to food, food product development and development and/or implementation and management of safe practices for the sourcing, production, transport and distribution of foods.	● ●	● ● ● ● ●
Governance	Experience in and commitment to the highest standards of corporate governance, including as a non-executive director of a listed company, large or complex organisation or government body, or through former C-suite executive experience in a large organisation.	● ● ●	● ●
International business experience	Experience as a senior executive in, or as a profession adviser to, international businesses and exposure to global markets and a range of different political, regulatory and business environments.	● ● ●	● ●
Leadership	Experience in a senior management position in a listed company, large or complex organisation or government body, including experience in leading strategy development and execution.	● ● ● ●	●
Health and Safety	Experience in development of health, safety and wellbeing frameworks and risk-management tools at large organisations, or experience in health & safety leadership positions.	●	● ●
People and culture	Leadership experience in the oversight, development and implementation of people and culture programmes at large organisations, people management, development and succession planning, setting remuneration frameworks and promoting diversity and inclusion.	● ● ●	
Risk management	Experience in identification, assessment, monitoring and management of material financial and non-financial risks and understanding, implementation and oversight of risk management frameworks and controls.	● ● ●	● ●
Strategy	Experience in strategic oversight, including the development and implementation of strategic plans for organisations of similar scale and complexity.	● ● ● ●	●
Sustainability	Knowledge, understanding or experience in sustainable practices to manage the impact of business operations on the environment and community and the impact of climate change on business operations.	●	● ●
Industry involvement and advocacy	Experience in being a leading voice within the food or consumer goods industry.	● ● ●	●

³³ Reflecting Board composition as at 31 July 2026.

CFO Review

Andy Liu



Below is a detailed summary of Synlait’s financial result for the 12 months ended 31 July 2026. In this finance review Synlait’s performance is detailed under our four business units which are:



Advanced Nutrition

This strategic product category delivers high-value, formulated products in bulk and in consumer-ready formats, tailored to all ages – from early life to adult nutrition.



Foodservice

Manufactured from our high-quality milk pool in Dunsandel, Synlait’s UHT cream delivers increased stability and is sold for out-of-home consumption in a range of settings – including bakeries, cafés and beverage chains.



Ingredients

With a high quality milk pool and infant-formula grade dryers, Synlait’s bulk ingredients portfolio delivers year-round consistency. Products, including milk powders and AMF, are sold to manufacturers for use in a range of applications.



Consumer

A range of fresh milk, butter, cream and cheese products produced and sold under the Dairyworks, Rolling Meadow, Alpine, Pams and Value brands.

Financial performance

FY26 was a year of contrasts. Operational disruption and commercial pressures, particularly in the first half, resulted in a disappointing full-year financial outcome. Improved operational stability through the second half supported a better earnings result and measurable progress in Synlait’s recovery.

Revenue increased 6% to \$1.9 billion reflecting strong growth in Dairyworks and Foodservice revenue.

Operating cash flow was negative, reflecting weaker operating performance and higher working-capital requirements.

North Island sale proceeds strengthened the balance sheet and reduced net debt by \$35.7 million to \$215.0 million. The next phase of recovery is focused on converting operational progress into stronger cash generation and further debt reduction.

Key metrics

Key financial metrics ¹					
Currency in NZD unless otherwise stated (in millions)	FY22	FY23	FY24	FY25	FY26
Income statement					
Revenue	1,661	1,604	1,637	1,827	1,937
Gross profit	147	144	56	105	38
EBITDA ²	132	91	(4)	51	8
EBIT ²	65	31	(183)	(6)	(38)
NPAT	39	(4)	(182)	(40)	(75)
Net cash from/(used in) operating activities	233	39	(47)	166	(183)
Balance sheet					
Capital employed	1,090	1,204	1,156	1,040	923
Net operating assets ³	995	1,205	1,125	1,008	862
Return on net operating assets	6%	3%	(16%)	(1%)	(4%)
Net return on capital employed (pre-tax)	6%	3%	(15%)	(1%)	(4%)
Debt/debt + equity (excl. derivatives)	30%	34%	47%	24%	23%
Net debt/EBITDA ⁴	3x	5x	(133x)	5x	27x
Earnings per share	18c	(2c)	(83c)	(7c)	(13c)
Average FX conversion rate (NZD:USD)	0.6732	0.6446	0.6268	0.5963	0.5938
Base milk price	9.30	8.22	7.83	10.16	9.69
Total milk price (kgMs)	9.59	8.49	8.11	10.66	10.07

¹ The group uses several non-GAAP measures when discussing financial performance. Management believes these measures provide useful insight on the performance of the business, to analyse trends and to assist stakeholders in making informed decisions.

² EBIT is calculated by excluding financing costs and income tax, with EBITDA also excluding depreciation, amortisation, and non-cash impairment accordingly.

³ Net operating assets includes current assets, property, plant, and equipment, right-of-use assets, and intangible assets. It deducts trade payables and excludes capital work in progress, derivative balances, loans and borrowings, goodwill, and tax balances.

⁴ Net debt calculation excludes lease liabilities.

Reconciliation of reported to underlying EBITDA and NPAT (\$m)

	FY25	FY26
Reported EBITDA	50.7	8.1
Items affecting comparability		
Onerous contract expense on North Island milk sales ¹	4.7	-
Costs relating to power outage	5.6	-
Insurance proceeds net of claim preparation costs	-	(6.4)
One-off milk incentive	-	6.4
Manufacturing challenges ²	43.5	1.4
Losses relating to tactical raw milk sales	-	37.0
Cost related to third party manufacture to clear customer order backlog	-	12.6
Losses relating to input material	-	9.6
North Island divestment transaction cost	2.7	-
North Island discontinued operations	-	3.6
Gain on sale of North Island assets	-	(26.0)
Total EBITDA adjustment	56.5	38.3
Underlying EBITDA	107.2	46.3
Reported NPAT including North Island	(39.8)	(75.4)
Reported tax expense	14.5	(8.1)
Reported NPBT including North Island	(54.4)	(67.3)
EBITDA adjustments as above	56.5	38.3
North Island discontinued operations ITDA	-	6.3
Underlying NPBT	2.1	(22.7)
Tax at 28%	(0.6)	6.4
Other tax expense	(0.8)	(5.2)
Underlying NPAT	0.8	(21.6)

Sales and gross profit performance

Total group revenue increased by \$109 million to \$1.94 billion, supported by growth in Consumer and Foodservice.

Total production across the four business units decreased by 12,000 MT, reflecting the North Island divestment, tactical raw milk sales and lower Ingredients production. Higher Advanced Nutrition, Consumer and Foodservice volumes partly offset the reduction in Ingredients.

Underlying business-unit gross profit decreased by 35% to \$93.3 million. The decline in Advanced Nutrition and Ingredients more than offset growth in Consumer and Foodservice, with most of the pressure occurring in the first half.

Underlying gross profit by business unit including North Island

		Advanced Nutrition	Ingredients	Consumer	Foodservice	Total
FY26	Production volume (MT)	45,294	82,960	59,711	12,135	200,099
	Revenue (\$ millions)	522	575	498	74	1,669
	Gross profit (\$ millions)	20.9	9.7	51.7	11.0	93.3
FY25	Production volume (MT)	39,997	107,519	56,100	8,471	212,087
	Revenue (\$ millions)	526	677	376	45	1,624
	Gross profit (\$ millions)	95.0	13.1	39.0	(4.6)	142.5
% Change	Production volume (MT)	13%	(23%)	6%	43%	(6%)
	Revenue (\$ millions)	(1%)	(15%)	32%	62%	3%
	Gross profit (\$ millions)	(78%)	(26%)	32%	n.m	(35%)

Advanced Nutrition

Advanced Nutrition net production was up 13% to 45,294MT as a result of catching up from FY25 operational challenges. Meanwhile revenue was down 1% to \$522 million, driven by a year-on-year reduction in lactoferrin volumes and infant volumes produced exclusively in the North Island. Gross profit decreased 78% to \$20.9 million. Operational disruption, production-plan changes and enhanced quality controls reduced manufacturing efficiency, while catch-up production increased costs. These pressures eased as operational stability improved through the second half.

Lactoferrin production was broadly stable year on year, decreasing by 7 MT as lower milk processing volumes reduced available input material.

Ingredients

Ingredients production decreased 23% to 82,960 MT, reflecting tactical raw milk sales and the prioritisation of Advanced Nutrition production. Revenue decreased 15% to \$575 million, primarily reflecting lower sales volumes.

Gross profit decreased 26% to \$9.7 million. Peak-season capacity constraints shifted production towards whole milk powder when market price and stream returns were unfavourable to Synlait. Performance progressed later in the year as the product mix shifted towards SMP and AMF with more favourable stream returns.

Consumer

Production volumes increased by 6% to 59,711 MT while revenue increased 32% to \$498 million, reflecting the business’s resilience in navigating elevated commodity price conditions and business development. The business has also benefitted from a full year in the butter category, positioning itself for future growth in value-added dairy offerings. Gross profit improved by 32%, supported by the continued strength of Dairyworks’ export strategy, which delivered solid international performance. Margin improvement in the liquid milk segment also contributed positively to overall profitability.

¹ Related to Synlait ceasing North Island milk collection, with the existing contracted farms’ milk collected and processed by Open Country Dairy. Part of the loss results from Synlait’s committed 5 cents one-off incentive for 2024/2025 dairy season.

² Related to resolved manufacturing challenges which resulted in additional one-off costs.

Foodservice

Production volumes increased 43% to 12,135 MT as UHT cream product sales increased. Revenue increased accordingly to \$74 million, a 62% increase. The business unit is profit-making, with a gross profit of \$11 million, driven by improved sales pricing and lower fat pricing in FY26.

Milk price and milk supply

In FY26, Synlait collected 76.02 million kgMS from contracted farms in the South Island. This was an increase of 2.59 million kgMS versus FY25, despite five fewer farms supplying milk. From 1 June 2026 Synlait has 176 contracted farms. This reduction in supplying farms has been purposeful to ensure milk supply is optimised to make the highest margin products, while also minimising milk sales.

For the 2025/2026 season, Synlait set a final FY26 base milk price of \$9.69 per kgMS, compared with \$10.16 per kgMS in FY25. Farmers received a further average \$0.38 per kgMS through the A1 protein free milk premium, Lead With Pride, winter milk, customer-funded sustainability and secured milk premium programmes. This resulted in a total average milk payment of \$10.07 per kgMS, reflecting the company’s ongoing commitment to suppliers through competitive pricing and a robust advance rate structure.

Operating expenditure

Synlait delivered a strong performance in cost management, underscoring our commitment to operational efficiency and financial discipline. Unadjusted Selling, General, and Administrative (SG&A) expenses – including Dairyworks – decreased by \$11.1 million to \$114.6 million, despite inflationary pressures. This result reflects the execution of targeted cost-saving initiatives, which are now embedded as part of our permanent operating model.

The key driver of these savings was a reduction in air freight costs. Other savings across employee costs and lease costs are offset by an uplift in third party storage costs to support UHT volume growth.

Unadjusted manufacturing costs increased by \$15.8 million during the year, this is primarily driven by additional secured milk premiums (to support our South Island milk volume) and additional milk transport costs (to support milk sales and free up plant capacity for high value product). The uplift is offset by depreciation savings on North Island assets recognised as held for sale for most of FY26.

Looking ahead, Synlait remains focused on maintaining a lean cost base while supporting growth. The structural nature of the cost savings provides a strong foundation for improved profitability and long-term value creation.

EBITDA

Earnings before interest, tax, depreciation, and amortisation (EBITDA) decreased by \$42.6 million to \$8.1 million.

\$ million	FY26	FY25
(Loss)/profit before tax	(67.3)	(54.4)
Add back: net financing costs	29.5	48.0
EBIT	(37.8)	(6.3)
Add back: depreciation and impairment	45.9	57.0
EBITDA	8.1	50.7

Net financing costs

Net financing costs decreased \$18.5 million or 38.5% to \$29.5 million, primarily driven by lower wholesale interest rates, reduced debt levels following the repayment of debt using North Island sale proceeds, and lower banking costs achieved through the successful refinancing.

The loss on derecognition of financial assets, and the financing cost associated with our receivables financing programme, decreased \$2.4 million, reflecting lower wholesale interest rates and the transition of a key customer receivables financing arrangement to a new banking partner on more favourable terms.

\$ million	FY26	FY25	Change
Gross term debt interest	(13.6)	(18.4)	4.8
Less capitalised interest	0.2	-	0.2
Net term funding interest	(13.4)	(18.4)	5.0
Working capital and revolving credit interest	(7.1)	(17.7)	10.6
Interest received	1.2	0.8	0.3
Loss on derecognition of financial assets	(6.7)	(9.2)	2.4
Net short-term funding interest	(12.6)	(26.1)	13.4
Interest on lease liabilities	(3.5)	(3.6)	0.1
Net finance costs	(29.5)	(48.0)	18.5

Foreign exchange

Management of foreign exchange exposure is one of Synlait’s key competencies. Many product sales are to overseas markets, creating a primarily USD exposure risk. Our foreign exchange policy seeks to achieve a competitive annual average New Zealand Dollar (NZD)/USD exchange rate for the year. In FY26, we achieved a net annual average NZD/USD export exchange rate of 0.5938 (FY25: 0.5963).

Financial position

Overview

North Island sale proceeds strengthened the balance sheet and reduced net debt by \$35.7 million to \$215.0 million. The operating cash outflow limited the reduction.

Our reported net profit after tax loss of (\$75.4 million) decreased total retained earnings to \$30.4 million from \$105.9 million. Total shareholders’ equity decreased to \$708.4 million due to the combined losses recognised after tax.

We successfully completed refinancing in June 2026, securing \$320 million of bank facilities and renewing the \$130 million Bright Dairy shareholder loan for a further two years. This provides a more stable funding platform as Synlait progresses its recovery.

Working capital

Working capital increased during FY26, primarily reflecting higher receivables and inventory and lower payables. These movements, together with weaker operating performance, contributed to the operating cash outflow.

Closing trade and other receivables increased by \$71.6 million to \$166.6 million year-on-year, mainly reflecting increased customer receivables, alongside the remaining receivables from the North Island asset sale proceeds.

Decreased trade and other payables primarily reflects the sale of the North Island operations during FY26, resulting in a lower creditor base and reduced purchasing activity compared to the prior year. Trade and other payables decreased by \$60.1 million to \$318.2 million.

Group inventories increased by \$14.1 million to \$295.5 million. Lower Synlait Milk inventory volumes were more than offset by a higher-value Advanced Nutrition inventory mix and increased Dairyworks inventory.

Closing inventories	FY26		FY25	
	\$ million	MT	\$ million	MT
Synlait Milk Limited	213	26,125	206	34,025
Dairyworks Limited	83	7,356	75	5,896
Total	296	33,481	281	39,921

Sale of the North Island assets

The sale of the North Island assets was successfully completed on 1 April 2026, offering Synlait the ability to focus on achieving continued success out of our Dunsandel site as well as providing further support towards debt reduction, financial performance and liquidity.

Operating cash flows and total net debt

\$ million	FY26	FY25
Current debt	103.0	328.8
Term debt (carrying amount)	129.7	-
Transaction costs	1.1	0.2
Less cash on hand	(18.7)	(78.3)
Total net debt (excluding lease liabilities)	215.0	250.7

Total net debt level reduced following the repayment of debt using North Island sale proceeds. However, weaker operating performance and elevated working capital requirements absorbed a significant portion of operating cash flows, limiting further reductions in net debt.

\$ million	FY26	FY25	Year-on-year change
Cash receipts from customers	1,860.0	1,850.7	9.4
Cash paid for milk purchased	(1,003.5)	(1,021.5)	17.9
Cash paid to other creditors and employees	(1,033.1)	(661.4)	(371.7)
GST refunds	(6.7)	(5.9)	(0.8)
Income tax refunds/payments	(0.0)	3.6	(3.7)
Operating cash flows	(183.3)	165.5	(348.8)

Cash inflows from investing activities totalled \$260.7 million, an increase of \$283.3 million compared with the prior year. The increase was primarily driven by the receipt of \$295.7 million in proceeds from the North Island asset sale, which was completed in April 2026.

Derivatives

At 31 July 2026 the Group held US\$202 million (net) in foreign exchange contracts as detailed in note 19 of the Financial Statements. The Group hedges foreign exchange risk over the following 18 months from balance date. Additionally, the Group held AU\$11.5 million and CNH¥234 million in export contracts.

Given NZD/USD exchange rate depreciation across the last 18 months, we have a mark-to-market unrealised loss associated with these contracts at year-end of \$7.6 million before tax. As our foreign exchange contracts hedge against future USD receipts and payment, this unrealised loss is recognised in other reserves in equity rather than through the income statement. The impact of these foreign exchange contracts will play out in the periods in which they mature, forming part of our annual average NZD/USD exchange rate in those periods.

We also have in place a nominal balance of \$85 million of current interest rate swap agreements at year-end (FY25: \$45 million) at various weighted average interest rates. The agreement has unrealised mark-to-market gain of \$0.6 million before tax.

Dairy commodity derivative contracts entered into in the prior financial year remained outstanding at 31 July 2026. No new milk-price derivative contracts were entered into during FY26.

Most unrealised gains and losses on derivatives detailed above are deferred to the cash flow hedge reserve. Year-on-year, there was a \$5.0 million movement in the reserve, with a closing balance of \$0.4 million in FY26 from \$5.4 million in FY25.



Funding facilities and covenants

During June 2026, the Group completed the refinancing of its syndicated banking facilities and entered into a replacement shareholder loan agreement with Bright Dairy International Investment Limited. The Group's banking syndicate comprises ANZ bank, China Construction Bank ("CCB"), Bank of China ("BOC"), HSBC, Bank of Communications ("BOCOM"), Industrial and Commercial Bank of China ("ICBC"), Shanghai Rural Commercial Bank ("SHRCB"), China Merchants Bank ("CMB") and Bank of Beijing ("BoB").

The refinance was fully executed on 30 June 2026.

The new bank funding arrangements total NZ\$320 million and comprise of:

- a secured overdraft facility of NZ\$15 million.
- a secured seasonal working capital A of NZ\$53 million.
- a secured seasonal working capital B of NZ\$30 million.

- a secured seasonal working capital C of NZ\$63 million.

- a secured term loan facility A of NZ\$12 million.

- a secured term loan facility B of NZ\$65 million.

- a secured term loan facility C of NZD/CNH of NZ\$3 million.

- a secured term loan facility D of NZ\$24 million.

- a secured term loan facility E of NZ\$15 million.

- a secured NZD/CNH facility of NZ\$15 million.

- a secured NZD/CNH facility of NZ\$25 million.

The seasonal working capital facilities, term loan facility A, term loan facility C and both NZD/CNH A and B facilities mature on 30 June 2027 and include extension options exercisable by the relevant lenders. The aggregate limits under the seasonal working capital facilities reduce to NZ\$86 million from 1 March 2027 and NZ\$26 million from 1 June 2027. Certain term loan facilities mature 12 months after first drawdown. The overdraft facility is repayable on demand.

The Group's key financial covenants are:

- net senior leverage ratio of 3.0x, first tested on 30 June 2027.
- working capital ratio of 1.50x through to 28 February 2027 and 1.75x thereafter.
- interest cover ratio of 2.5x for each quarter through to 30 June 2027, increasing to 3.0x thereafter.
- shareholders' funds in excess of NZ\$450 million at all times.
- quarterly minimum EBITDA milestones.

Shareholder loan

In addition to the above, Synlait entered into a replacement of the \$130 million shareholder loan from Bright Dairy International Investment Limited, a related company of Bright Dairy Holding Limited, for a further 24-month term, maturing July 2028.

Synlait Milk Limited
Financial Statements for the
Year Ended 31 July 2026

Contents

Directors’ responsibility statement	59
Financial statements	60
Income statement	60
Statement of comprehensive income	61
Statement of changes in equity	62
Statement of financial position	63
Statement of cash flows	64
Notes to the financial statements	65
Auditor’s report	111

Directors’ responsibility statement

The Directors are pleased to present the financial statements for Synlait Milk Limited and its subsidiaries, Synlait Milk Finance Limited, The New Zealand Dairy Company Limited, Eighty Nine Richard Pearse Drive Limited, Synlait Business Consulting (Shanghai) Co., Ltd, Dairyworks Limited, Synlait Milk (Holdings) No.1 Limited, and Synlait Milk (Dunsandel Farms) Limited (together "the Group") as set out on pages 60-110 for the year ended 31 July 2026.

The Directors are responsible for ensuring that the financial statements present fairly the financial position of the Group as at 31 July 2026 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

For and on behalf of the Board.



George Adams
Chair

28 September 2026



Katherine Turner
Independent Director

28 September 2026

Income statement

For the year ended 31 July 2026.

	Notes	2026 \$'000	2025 (re-presented) \$'000
Revenue	2	1,682,291	1,590,160
Cost of sales	4	(1,649,582)	(1,478,777)
Gross profit		32,709	111,383
Other income		11,238	9,526
Sales and distribution expenses	4	(44,565)	(48,490)
Administrative and operating expenses	4	(55,041)	(54,517)
(Loss) / earnings before net finance costs and income tax		(55,659)	17,902
Finance expenses	14	(20,891)	(33,086)
Finance income	14	1,108	694
Loss on derecognition of financial assets	7, 14	(6,065)	(7,719)
Net finance costs		(25,848)	(40,111)
Loss before income tax for the year		(81,507)	(22,209)
Income tax (expense) / benefit	21	(10,038)	5,536
Loss after tax for the year		(91,545)	(16,673)
Profit / (loss) after tax from discontinued operations	1	16,105	(23,149)
Net loss for the year		(75,440)	(39,822)
Earnings per share			
Basic earnings per share (cents)	16	(12.51)	(7.39)
Diluted earnings per share (cents)	16	(12.51)	(7.39)
Attributable to continuing operations:			
Basic earnings per share (cents)	16	(15.18)	(3.55)
Diluted earnings per share (cents)	16	(15.18)	(3.55)
Attributable to discontinued operations:			
Basic earnings per share (cents)	16	2.67	(3.84)
Diluted earnings per share (cents)	16	2.67	(3.84)

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of comprehensive income

For the year ended 31 July 2026.

	Notes	2026 \$'000	2025 (re-presented) \$'000
Loss for the period		(75,440)	(39,822)
Items that may be reclassified subsequently to profit and loss			
Effective portion of changes in fair value of cash flow hedges	19	(6,922)	16,964
Exchange differences on translation of foreign operations		66	(2)
Income tax benefit / (expense) on other comprehensive income	21	1,938	(4,750)
Total items that may be reclassified subsequently to profit and loss		<u>(4,918)</u>	<u>12,212</u>
Other comprehensive income for the year, net of tax		(4,918)	12,212
Total comprehensive income for the year		<u>(80,358)</u>	<u>(27,610)</u>
Total comprehensive income attributable to:			
Continuing operations		(96,463)	(4,461)
Discontinued operations	1	<u>16,105</u>	<u>(23,149)</u>
		<u>(80,358)</u>	<u>(27,610)</u>

Statement of changes in equity

For the year ended 31 July 2026.

	Notes	Share capital \$'000	Employee Benefits Reserve \$'000	Hedging reserves \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Equity as at 1 August 2024		464,774	1,120	(6,814)	43	145,675	604,798
Loss for the year		-	-	-	-	(39,822)	(39,822)
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges	19	-	-	16,964	-	-	16,964
Exchange differences on translation of foreign operations	19	-	-	-	(2)	-	(2)
Income tax on other comprehensive income	21	-	-	(4,750)	-	-	(4,750)
Total other comprehensive income		-	-	12,214	(2)	-	12,212
Transactions with owners							
Issue of new shares	16	212,107	-	-	-	-	212,107
Employee benefits reserve	17,18	-	(509)	-	-	-	(509)
Total contributions by and distributions to owners		212,107	(509)	-	-	-	211,598
Equity as at 31 July 2025		<u>676,881</u>	<u>611</u>	<u>5,400</u>	<u>41</u>	<u>105,853</u>	<u>788,786</u>
Equity as at 1 August 2025		676,881	611	5,400	41	105,853	788,786
Loss for the year		-	-	-	-	(75,440)	(75,440)
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges	19	-	-	(6,922)	-	-	(6,922)
Exchange differences on translation of foreign operations	19	-	-	-	66	-	66
Income tax on other comprehensive income	21	-	-	1,938	-	-	1,938
Total other comprehensive income		-	-	(4,984)	66	-	(4,918)
Equity as at 31 July 2026		<u>676,881</u>	<u>611</u>	<u>416</u>	<u>107</u>	<u>30,413</u>	<u>708,428</u>

Statement of financial position

For the year ended 31 July 2026.

	Notes	2026 \$'000	2025 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	18,715	78,277
Trade and other receivables	7	150,297	94,985
Intangible assets	12	1,557	3,650
Net investment in lease	13	3,085	-
Goods and services tax refundable		12,860	6,195
Prepayments		28,610	13,810
Inventories	8	295,514	281,418
Derivative financial instruments	19,20	4,233	13,716
Current tax asset		1,046	1,623
Total current assets		515,917	493,674
Non-current assets			
Property, plant and equipment	10	601,806	882,445
Biological assets	11	5,803	4,731
Goodwill	12	58,163	58,163
Other intangible assets	12	66,167	70,494
Other investments	22	3,596	2,301
Trade and other receivables	7	16,291	-
Derivative financial instruments	19,20	512	1,587
Deferred tax assets	21	4,000	9,606
Other non-current assets		260	-
Net investment in lease	13	13,674	-
Right-of-use assets	13	23,240	40,877
Total non-current assets		793,512	1,070,204
Total assets		1,309,429	1,563,878
LIABILITIES			
Current liabilities			
Trade and other payables	9	318,185	378,341
Loans and borrowings	15	102,985	328,839
Derivative financial instruments	19,20	3,964	8,162
Lease liabilities	13	5,840	6,499
Total current liabilities		430,974	721,841
Non-current liabilities			
Loans and borrowings	15	129,686	-
Derivative financial instruments	19,20	207	608
Lease liabilities	13	39,297	48,734
Other non-current liabilities		837	3,909
Total non-current liabilities		170,027	53,251
Total liabilities		601,001	775,092
Net assets		708,428	788,786
Equity			
Share capital	16	676,881	676,881
Reserves	18	1,134	6,052
Retained earnings	18	30,413	105,853
Total equity attributable to equity holders of the Group		708,428	788,786
Total liabilities and equity		1,309,429	1,563,878

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of cash flows

For the year ended 31 July 2026.

	Notes	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Cash receipts from customers		1,860,020	1,850,664
Cash paid for milk purchased		(1,003,545)	(1,021,493)
Cash paid to other creditors and employees		(1,033,069)	(661,380)
Net movement in goods and services tax		(6,665)	(5,897)
Income tax payments (paid) received		(34)	3,628
Net cash (outflow) / inflow from operating activities	6	(183,293)	165,522
Cash flows from investing activities			
Interest received		1,168	842
Acquisition of property, plant and equipment		(27,670)	(22,935)
Proceeds from sale of biological assets		1,011	-
Proceeds from sale of property, plant, and equipment		295,682	526
Acquisition of intangible assets		(8,154)	(728)
Acquisition of biological assets		(56)	117
Acquisition of interest in joint venture		(1,295)	(441)
Net cash inflow / (outflow) from investing activities		260,686	(22,619)
Cash flows from financing activities			
Repayment of borrowings		(737,160)	(179,236)
Receipt of borrowings		623,935	30,020
Net movement in working capital facility		19,647	(82,901)
Interest paid		(35,966)	(48,883)
Repayment of lease liabilities		(7,436)	(6,012)
Receipt of cash from issue of shares	16	-	212,108
Net cash outflow from financing activities		(136,980)	(74,904)
Net movement in cash and cash equivalents		(59,587)	67,999
Cash and cash equivalents at the beginning of the financial year		78,277	10,273
Effects of exchange rate changes on cash and cash equivalents		25	5
Cash and cash equivalents at end of year	5	18,715	78,277

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to the financial statements

Reporting entity

The consolidated financial statements ("financial statements") presented are those of the Group, including Synlait Milk Limited and its subsidiaries Synlait Milk Finance Limited, The New Zealand Dairy Company Limited, Eighty Nine Richard Pearse Drive Limited, Synlait Business Consulting (Shanghai) Co., Ltd, Dairyworks Limited, Synlait Milk (Holdings) No.1 Limited, and Synlait Milk (Dunsandel Farms) Limited.

Synlait Milk Limited and its subsidiaries are primarily involved in the manufacture and sale of dairy products.

The parent company, Synlait Milk Limited ("the Company"), is a profit oriented entity, domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange and the Australian Securities Exchange. Synlait Milk Limited is an FMC reporting entity under the Financial Markets Conduct Act 2013 and its financial statements comply with that Act. The company's registered office is at 1028 Heslerton Road, Rd 13, Rakaia, New Zealand.

Basis of preparation

The financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS').

Comparative balances

Comparative information has been re-presented to reflect the classification of the North Island operations as discontinued operations. There has been no change to the Group's previously reported total profit/(loss) for the comparative period.

The financial statements were authorised for issue by the Directors on 28 September 2026.

Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain items as identified in specific accounting policies.

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency and the Group's presentation currency, and are rounded to the nearest thousand (\$'000).

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Use of accounting estimates and judgements

The preparation of these financial statements in conformity with NZ IFRS requires the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key sources of estimation uncertainty and key judgements relate to derecognition of financial assets, the assessment of impairment of inventory and property, plant and equipment, and the assessment of impairment of goodwill and any other intangible assets. The individual notes in the financial statements provide additional information.

Material uncertainties related to going concern

At 31 July 2026, the Group recorded a net loss after tax of \$75.4m, net operating cash outflows of \$183.3m and net assets of \$708.4m. The Directors have considered these results, the Group's forecast cash flows, available funding and the matters described below in assessing the Group's ability to continue as a going concern. In particular, the Group's banking facilities reduce progressively between February and June 2027 and management's forecasts assume sufficient cash generation, together with the refinancing or replacement of facilities as required, to meet the Group's funding requirements.

Funding and refinancing

During June 2026, the Group completed the refinancing of its banking facilities. The Group's banking facilities include seasonal working capital and term facilities which reduce progressively through the milk season and mature at various dates through to June 2027, with certain facilities subject to lender extension options. Further details of the facilities, including committed amounts, amounts drawn and undrawn at 31 July 2026 and the respective maturity dates, are set out in Note 15 – Loans and Borrowings. Access to the facilities remains subject to the individual facility limits, permitted purposes and conditions for drawing. The Group also has a \$130 million Bright Dairy shareholder loan maturing in July 2028.

The Group complied with its applicable banking covenants at 31 July 2026. However, minimum EBITDA requirements increase during FY27 and continued covenant compliance is dependent on the Group achieving its forecast operating performance. The banking facilities maturing in June 2027 are not expected to be repaid solely from available cash resources and will therefore require refinancing or replacement. Management intends to refinance or replace these facilities prior to maturity. The Group's ability to do so will depend, among other factors, on the Group demonstrating sustained improvement in trading performance and continued covenant compliance. As replacement funding has not currently been secured beyond June 2027, the outcome is not wholly within the Group's control.

Trading performance

FY26 performance was adversely affected by operational and manufacturing challenges, which affected production of higher-value nutritional products and contributed to additional costs and losses. Management has implemented changes to manufacturing processes, maintenance and employee training aimed at improving operational reliability and reducing the risk of these issues recurring. However, the 2026/27 milk season has only recently commenced and the effectiveness of these actions has not yet been demonstrated over a sustained period.

During FY26, the Group completed the sale of its North Island operations, using the proceeds principally to reduce debt and strengthen liquidity while increasing management's focus on the South Island operations. Further, the prior-year uncertainty regarding future milk supply has substantially reduced following the resolution of farmer cessation notices. Management's forecasts assume continued improvements in manufacturing reliability, production attainment, product mix, margins and cash generation. Recent trading provides some evidence of this improvement, with August financial performance ahead of management expectations across EBITDA, operating cash flow and covenant metrics, and September production generally tracking in line with, or ahead of, plan across a number of key product categories. However, the improved performance has been demonstrated over only a limited period and the forecast recovery remains dependent on these improvements being sustained.

Management's forecast cash flows indicate that, taking into account forecast cash generation and the committed facilities available to the Group, the Group expects to have sufficient liquidity to meet its obligations as they fall due in the next 12 months from the authorisation of the financial statements. The forecasts are dependent on the operating improvements described above being sustained, continued compliance with banking covenants and minimum EBITDA milestones, successful renewal of the State Administration for Market Regulation (SAMR) registration by 5 September 2027, continued access to lender and shareholder support, and the successful refinancing or replacement of the senior banking facilities before 30 June 2027.

Refer to Note 15 for further information on the Group's borrowing facilities and covenants and Note 19 for liquidity risk and contractual maturities.

Conclusion

The Directors consider that the actions completed to date, available funding and forecast improvement in operating performance provide a reasonable basis to prepare the financial statements on a going concern basis.

However, the Group's ability to continue as a going concern remains dependent on achieving and sustaining the forecast improvement in trading performance and cash generation, continued compliance with banking covenants and minimum EBITDA requirements, successful renewal of the SAMR registration, and the refinancing or replacement of the senior banking facilities before 30 June 2027. The Group's ability to refinance or replace these facilities is itself dependent, among other factors, on sustained improvement in trading performance and continued covenant compliance. If the forecast operating improvements or covenant requirements are not achieved, the Group's ability to obtain replacement funding may be adversely affected.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. If these matters are not satisfactorily resolved, including obtaining sufficient replacement funding, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Recoverability of tax losses

At 31 July 2026, the Group estimates that it has \$495.6m of gross New Zealand tax losses available for use against future taxable profits. A deferred tax asset of \$88.3m has been recognised in respect of these tax losses.

The recognition of deferred tax assets for unused tax losses requires judgement in assessing whether sufficient future taxable profits will be available against which the tax losses can be utilised. In making this assessment, the Group considers the availability and timing of future taxable profits and the reversal of existing taxable temporary differences.

During the year, the Directors reassessed the recoverability of the deferred tax asset based on the information available at 31 July 2026. Following this reassessment, the Group has recognised a deferred tax asset only to the extent supported by the expected reversal of taxable temporary differences.

This represents a change from the prior year assessment and has resulted in a reduction in the deferred tax asset recognised at 31 July 2026 of \$4.8m. The recoverability of deferred tax assets will continue to be reassessed at each reporting date.

Change in reporting date

During the year, the Group announced a change in its reporting date from 31 July to 31 December to align its financial reporting period with that of its ultimate parent, Bright Dairy & Food Co., Ltd.

Accordingly, the Group's next reporting period will be the five-month period ending 31 December 2026, with subsequent annual reporting periods ending on 31 December.

Climate risk

The Group's operations may be impacted by future climate change. These impacts may be physical (e.g. severe or unusual weather patterns and events) or transitional (e.g. changes to government regulations or customer and supplier needs and demands).

The Group regularly assesses its operating environment with regard to the impact of climate change. Specific consideration has been given in these financial statements to the impact of future climate change on the useful lives of the Group's property, plant, and equipment and impairment of intangible assets (NZUs). No significant impacts were noted during the period.

Basis of consolidation

The Group's financial statements consolidate the financial statements of Synlait Milk Limited and its subsidiaries, accounted for using the acquisition method, and the results of its associates, accounted for using the equity method. Intercompany transactions and balances between group companies are eliminated upon consolidation.

Use of accounting estimates and judgements

The preparation of these financial statements in conformity with NZ IFRS requires the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key sources of estimation uncertainty and key judgements relate to derecognition of financial assets, the assessment of impairment of inventory and property, plant, and equipment, and the assessment of impairment for goodwill and any other intangible assets. The individual notes in the financial statements provide additional information.

Significant accounting policies

Accounting policies, accounting estimates and judgements that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes and are designated by a shaded area.

Standards, amendments and interpretations adopted during the period

There are no new policies, standards, interpretations, or amendments that were adopted in the period which have or are expected to have a material impact on the Group.

Standards, amendments and interpretations to existing standards that are not yet effective

NZ IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement. NZ IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The Group will apply the standard from its annual reporting period ending 31 December 2027. The Group has commenced an assessment of the impact of NZ IFRS 18 on its financial statements. At the date of authorisation of these financial statements, the assessment is ongoing and the Group is not yet in a position to reasonably estimate the full impact that initial application of NZ IFRS 18 will have on its financial statement presentation and disclosures. The Group expects the principal impacts to relate to the presentation of the statement of profit or loss, the statement of cash flows, and additional disclosures relating to management-defined performance measures.

NZ IFRS 9 Financial Instruments and NZ IFRS 7 Financial Instruments: Disclosures amendments

In 2024, the IASB issued amendments to IFRS 9 and IFRS 7 addressing the classification and measurement of financial instruments and introducing additional disclosure requirements for certain financial assets and liabilities, including contracts that reference nature-dependent electricity. The amendments are effective for annual reporting periods beginning on or after 1 January 2026. For the Group, the amendments will first be applicable to the annual reporting period ending 31 December 2026. The amendments include clarification of the assessment of contractual cash flow characteristics for certain financial assets; guidance regarding financial assets and liabilities settled through electronic payment systems; additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income; and disclosure requirements for contracts referencing nature-dependent electricity. The Group is currently assessing the impact of these amendments on its financial statements. Based on work performed to date, the Group does not expect the amendments to have a material impact on the recognition and measurement of its financial assets and liabilities. The impact on future disclosures is still being evaluated.

NZ CS 1, CS 2, CRDC - Climate related disclosures

There have been no significant changes to legislation which impact the Group’s financial statements.

1. Discontinued operation

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of profit or loss.

The North Island CGU, comprising the North Island operations of Synlait Milk Limited, was disposed of on 1 April 2026 following completion of the sale to Abbott Nutrition NZ Limited. The North Island CGU has continued to be presented as a discontinued operation in accordance with NZ IFRS 5 and all profit and loss disclosures have been re-presented to exclude the impact of the discontinued operation.

The disposal included the Pokeno manufacturing facility, the Richard Pearse Drive blending and canning facility, the Jerry Green Street warehouse arrangements and associated inventory. Total consideration under the sale agreements was US\$178.0 m, of which US\$14.0 m remains subject to holdback arrangements and will be released progressively over a period of up to 36 months following completion, subject to any valid claims under the sale agreements.

(a) Financial performance and cash flow information

	2026 \$'000	2025 \$'000
Revenue	254,375	237,255
Cost of sales	(249,384)	(243,299)
Other Income	1,892	4,493
Sales and distribution expenses	(7,149)	(9,778)
Administrative and operating expenses	(7,840)	(12,893)
Net finance costs	(3,686)	(7,930)
Income tax	-	9,003
Gain on disposal before tax	25,983	-
Tax on gain on disposal	1,914	-
Profit / (loss) from discontinued operation	16,105	(23,149)
Net cash inflow / (outflow)		
Net cash outflow from operating activities	(9,999)	(6,043)
Net cash inflow / (outflow) from investing activities	287,966	(1,172)
Net cash outflow from financing activities	(21,517)	(13,917)
Net increase / (decrease) in cash generated by the discontinued operation	256,450	(21,132)

2. Revenue recognition

Sales of goods

The Group manufactures and sells a range of dairy and non-dairy products, including but not limited to milk powder, milk powder related products, fresh milk, UHT milk and cream, cheese, and butter to customers. Revenue from contracts with customers is recognised when the control of the goods has been transferred to customers, being at the point when the goods are delivered. Delivery of goods is completed (i.e. the performance obligation is fulfilled) when the goods have been delivered pursuant to the terms of the specific contract agreed with the customer and the risks associated with ownership have been transferred to the customer.

Revenue is measured according to the contracted price agreed with customers, which represents expected consideration received or receivable, net of returns, discounts, and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The payment terms vary depending on the individual contracts. No deemed financing components are present as there are no significant timing differences between the payment terms and revenue recognition.

	2026	2025
	\$'000	\$'000
Product sales	<u>1,682,291</u>	<u>1,590,160</u>
	<u>1,682,291</u>	<u>1,590,160</u>

3. Segment reporting

(a) Reportable segments

NZ IFRS 8 Operating Segments requires disclosure of information about operating segments, products and services, geographical areas of operation, and major customers. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information.

The Group has identified the following segments:

- Synlait: manufacture and sale of milk and plant based products (nutritionals, ingredients, fresh milk, and ultra heat treatment ('UHT') milk and cream products). The Synlait segment comprises fixed assets, organisational structures, product margins, classes of customers, and long term growth rates. The Synlait segment combines Synlait Milk Limited and its subsidiaries excluding Dairyworks. The segment's results and net assets include amounts relating to both continuing and discontinued operations.
- Dairyworks: manufacture and sale of cheese and other products (cheese, butter).

The accounting policies of the Group have been consistently applied to the operating segments. Net Profit After Tax (NPAT) is the measure reported to the chief operating decision-maker ("the Board") for the purposes of resource allocation and assessment of performance for the Group. A consistent measure has been used for the purpose of reporting the performance of each operating segment.

(b) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	31 July 2026			
	Synlait	Dairyworks	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
External revenue	<u>1,492,450</u>	<u>444,216</u>	-	<u>1,936,666</u>
Revenue from sale of goods	<u>1,492,450</u>	<u>444,216</u>	-	<u>1,936,666</u>
Net profit / (loss) after tax for the period	(91,752)	16,312	-	(75,440)
Finance income	1,090	77	-	1,167
Finance expenses	(21,445)	(2,542)	-	(23,987)
Depreciation and amortisation	(40,235)	(5,275)	(346)	(45,856)
Income tax (expense) / benefit	(975)	(6,254)	(895)	(8,124)
Total assets	1,219,099	176,817	(86,487)	1,309,429
Total liabilities	<u>(539,176)</u>	<u>(96,508)</u>	<u>34,683</u>	<u>(601,001)</u>
Net assets	<u>679,923</u>	<u>80,309</u>	<u>(51,804)</u>	<u>708,428</u>

3. Segment reporting (continued)

	31 July 2025			
	Synlait \$'000	Dairyworks \$'000	Eliminations \$'000	Total \$'000
External revenue	1,503,168	324,247	-	1,827,415
Inter-segment revenue from sale of goods	219	-	(219)	-
Revenue from sale of goods	1,503,387	324,247	(219)	1,827,415
Net (loss) / profit after tax for the period	(50,128)	10,306	-	(39,822)
Finance income	800	42	-	842
Finance expenses	(36,272)	(3,449)	-	(39,721)
Depreciation and amortisation	(51,681)	(5,357)	-	(57,038)
Income tax (expense) / benefit	18,914	(4,375)	-	14,539
Total assets	1,407,660	156,218	-	1,563,878
Total liabilities	(683,140)	(91,952)	-	(775,092)
Net assets	724,520	64,266	-	788,786

(c) Sales by geographical area

The Group operates in one principal geographical area being New Zealand. Although the Group sells to many different countries, it is understood that a significant portion of both infant nutritional and ingredients sales are ultimately consumed in China.

The proportion of sales revenue for continuing operations by geographical area is summarised below:

	Year ended	
	31 July 2026	31 July 2025
China	6%	10%
Rest of Asia	18%	30%
Middle East and Africa	2%	2%
New Zealand	64%	46%
Australia	5%	4%
Rest of World	5%	8%
Total	100%	100%

All Group non-current assets are in New Zealand.

(d) Major customers

Revenue from the Group's three largest external customers represents 38% of total revenue (2025: 55%). A2 Infant Nutrition Limited accounts for 21% of total revenue.

4. Expenses

	2026 \$'000	2025 (re-presented) \$'000
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation (notes 10, 12 and 13)	38,458	40,509
Employee and contractor costs	145,943	124,423
Energy costs	28,652	24,256
Freight	15,954	25,810
Milk transport	24,901	14,354
Repairs and maintenance	21,105	14,851
Consultancy, legal, and transaction costs	5,101	4,183
Increase in inventory provision	23,799	31,623
Increase in onerous contract provision	2,069	1,513
Insurance	8,260	7,434
Director fees	663	739
Information services and subscriptions	10,469	8,137

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	2026 \$'000	2025 \$'000
(a) Assurance services		
Audit services		
Audit of financial statements - KPMG	850	890
Total remuneration for audit services	850	890
Other assurance services		
Other assurance - KPMG	75	130
Total remuneration for other assurance services	75	130
Total remuneration for assurance services	925	1,020
(b) Advisory services		
Other consulting services	16	-
Total remuneration for advisory services	16	-

5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, current accounts in banks net of overdrafts and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2026 \$'000	2025 \$'000
Cash on hand	<u>18,715</u>	<u>78,277</u>
	<u>18,715</u>	<u>78,277</u>

6. Reconciliation of loss after income tax to net cash flows from operating activities

	2026 \$'000	2025 \$'000
Loss for the year	(75,440)	(39,822)
Non-cash and non-operating items:		
Depreciation and amortisation of non-current assets (notes 10 and 12)	41,048	50,561
Depreciation of right-of-use assets (note 13)	4,154	6,478
Loss / (gain) on sale of property, plant and equipment	(25,983)	(291)
New Zealand Units surrendered (note 12)	5,972	-
Gain on sale of New Zealand Units	-	4,466
Non-cash share based payments (recovery) / expense	-	(509)
Interest costs classified as financing cash flow	24,049	39,721
Interest received classified as investing cash flow	(1,168)	(842)
Loss on derecognition of financial assets	6,652	9,162
Deferred tax movement	(7,513)	(14,522)
Loss on derivative financial instruments	11,252	1,000
Unrealised foreign exchange (loss) / gain	2,722	(5)
Livestock trading	(47)	(119)
(Loss) / gain on revaluation of biological assets	(1,989)	(1,613)
Movements in working capital:		
(Increase) / decrease in trade and other receivables	(71,603)	49,938
(Increase) / decrease in prepayments	(14,800)	13,965
Increase in inventories	(14,096)	(71,716)
(Increase) / Decrease in goods and services tax refundable and other current assets	(6,924)	(5,897)
(Decrease) / increase in trade and other payables	(60,156)	121,956
Decrease in current tax assets	577	3,611
Net cash (outflow) / inflow from operating activities	<u>(183,293)</u>	<u>165,522</u>

7. Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets.

Impairment

The Group recognises a loss allowance for expected credit losses (“ECL”) on trade and other receivables. The Group measures the provision for ECL using the simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group’s credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The model is based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current and the forecast direction of conditions at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no reasonable and realistic prospect of recovery.

Furthermore, other impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument-by-instrument basis. All individual instruments that are considered significant are subject to this approach.

Credit Risk Management

The Group's activities expose it to credit risk which refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Trade and other receivables are potentially subject to credit risk. The Group performs credit evaluations on trade customers. The Group continuously monitors the credit quality of its major receivables and does not anticipate non-performance of those customers, nor has there been historical non-performance of these customers. The Group also maintains strict controls for any credit reviews such as credit increases.

The receivables assignment processes ensure that the Group’s trade receivables are materially managed in an efficient and effective manner.

The carrying amount of financial assets recorded in the financial statements represents the Group’s maximum exposure to credit risk.

Included in trade receivables are debtors which are past due at balance date, as payment was not received within 30 days and for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered fully recoverable. No collateral is held over these balances and trade credit insurance cover was not obtained in respect of these receivables. Interest is not charged on overdue debtors.

Specific provisions are maintained for identified impaired receivables where there is objective evidence that amounts may not be recoverable. The Group recognises loss allowances for expected credit losses (ECL) on trade receivables and measures these loss allowances at an amount equal to lifetime ECL. In estimating ECL, the Group considers reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information, historical credit loss experience and relevant forward-looking information.

For cash and cash equivalents the Group has determined that all bank balances have low credit risk at each reporting period as they are held by reputable international banking institutions.

There have been no significant changes in the Group's credit risk management policies and processes during the year.

7. Trade and other receivables (continued)

	2026 \$'000	2025 \$'000
Current		
Trade receivables	106,739	62,128
Provision for doubtful and impaired receivables	(1,119)	(4,302)
Net trade receivables	<u>105,620</u>	<u>57,826</u>
Other receivables	44,677	37,159
Total current receivables	<u>150,297</u>	<u>94,985</u>
Non-current		
Other receivables	16,291	-
Total non-current receivables	<u>16,291</u>	<u>-</u>

(a) Impaired receivables

As at 31 July 2026, trade receivables of \$15.9m were overdue (2025: \$7.3m). These balances relate to a limited number of long-standing customers. While certain invoices were overdue at year-end, there is no recent history of payment default. A large portion of the balance has since been collected with a remaining \$7.8m unpaid and expected to be collected in the 2027 financial year.

The ageing analysis of these overdue trade receivables is as follows:

	2026 \$'000	2025 \$'000
Overdue by		
0 to 30 days	14,123	5,055
30 to 60 days	14	1,687
Over 60 days	1,858	565
Total overdue trade receivables	<u>15,995</u>	<u>7,307</u>

(b) Allowance for bad and doubtful receivables

The Group has recognised \$0.7m of losses in relation to provisions raised for potentially unrecoverable trade receivables during the year (2025: \$1.6m). The Group has also recognised a loss of \$0.4m for estimated receivables impairment under NZ IFRS 9 Financial Instruments (2025: \$0.2m).

(c) Trade and other receivables

Accounts receivable are amounts incurred in the normal course of business. Other receivables (current and non-current) primarily relate to amounts arising from the North Island business sale.

(d) Derecognised financial assets

The Group has derecognised trade receivables that have been sold to three banks (ANZ, Rabobank and HSBC) under the terms of underlying receivables purchase agreements. The Group routinely assesses the terms of the agreements and has determined that substantially all the risks and rewards have been transferred to the banks limited to certain contractual provisions relating to late payment charges and specified recourse events under certain receivables purchase agreements. Receivables selected for assignment are with customers with strong credit ratings and good payment histories. This results in immaterial volatility in the present value of future cash flows in relation to assigned receivables under the various scenarios detailed in the terms of the three agreements. An evaluation of external evidence of credit risk has also been performed for each customer. The Group has \$116.5m of receivables assigned as at 31 July 2026 (2025: \$147.0m).

The Group has assessed its continuing involvement in the assigned receivables and determined that the fair value of continuing involvement is immaterial. The Group reassesses the facility for qualification for derecognition at each reporting date, when the terms of the facility are amended, and assesses each new customer at the initial assignment of a receivable.

The loss on derecognition for the period of \$6.6m (2025: \$9.2m) arising from derecognition of assigned receivables is the discount paid to the banks for acquiring these receivables.

8. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Cost is determined on a weighted average basis and in the case of manufactured goods, includes direct materials, labour and production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	2026 \$'000	2025 \$'000
<i>Raw materials</i>		
Raw materials at cost	128,207	134,434
Raw materials at net realisable value	<u>2,490</u>	<u>689</u>
	<u>130,697</u>	<u>135,123</u>
<i>Work in progress</i>		
Work in progress at cost	68,851	26,007
Work in progress at net realisable value	<u>1,294</u>	<u>6,683</u>
	<u>70,145</u>	<u>32,690</u>
<i>Finished goods</i>		
Finished goods at cost	86,726	72,107
Finished goods at net realisable value	<u>7,946</u>	<u>41,498</u>
	<u>94,672</u>	<u>113,605</u>
Total inventories	<u>295,514</u>	<u>281,418</u>

9. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less otherwise, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Payables that are settled within a short duration are not discounted.

	2026 \$'000	2025 \$'000
Trade payables	143,556	191,377
Accrued expenses	161,431	172,909
Employee entitlements	13,198	14,055
Total trade and other payables	318,185	378,341

Payables denominated in currencies other than the functional currency comprise NZD \$23.9m (2025: NZD \$43.4m) of USD, EUR, GBP, RMB, SGD, and AUD denominated trade payables and accruals.

10. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are initially measured at cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located where the Group has an obligation to remove and restore.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation of property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Capital work in progress is not depreciated. The total cost of this work is transferred to the relevant asset category on the completion of the project and then depreciated.

Estimation and judgement are also required in the selection and application of useful lives. It is the Group's best estimate that the useful lives adopted adequately reflect the flow of resources and the economic benefits required and derived in the use and servicing of property, plant, and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings	10 - 60 years
- Plant and equipment	3 - 35 years
- Fixtures and fittings	2 - 25 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Impairment

Estimation and judgement are required in the impairment of property, plant, and equipment. The Group estimates or exercises judgement in assessing indicators of impairment, forecasting future cash flows, and determining other key assumptions used for assessing fair values (less costs of disposal) or value in use.

10. Property, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Capital work in progress \$'000	Total \$'000
Cost						
Balance as at 1 August 2024	51,242	309,255	831,245	30,406	31,603	1,253,751
Additions	-	-	-	-	18,315	18,315
Reclassification / transfer	128	440	22,653	1,354	(24,575)	-
Disposals	-	-	(2,606)	(935)	-	(3,541)
Balance as at 31 July 2025	51,370	309,695	851,292	30,825	25,343	1,268,525
Balance as at 1 August 2025	51,370	309,695	851,292	30,825	25,343	1,268,525
Additions	-	-	-	191	27,480	27,671
Reclassification / transfer	-	1,165	9,509	536	(11,210)	-
Disposals	(24,605)	(89,148)	(224,606)	(10,778)	(2,573)	(351,710)
Balance as at 31 July 2026	26,765	221,712	636,195	20,774	39,040	944,486
Accumulated depreciation						
Balance as at 1 August 2024	-	57,864	270,180	17,264	-	345,308
Depreciation (note 4)	-	6,556	34,440	2,283	-	43,279
Disposals	-	-	(2,027)	(480)	-	(2,507)
Balance as at 31 July 2025	-	64,420	302,593	19,067	-	386,080
Balance as at 1 August 2025	-	64,420	302,593	19,067	-	386,080
Depreciation (note 4)	-	4,908	27,044	1,679	-	33,631
Disposals	-	(12,389)	(57,655)	(6,987)	-	(77,031)
Balance as at 31 July 2026	-	56,939	271,982	13,759	-	342,680
As at 31 July 2025	51,370	245,275	548,699	11,758	25,343	882,445
As at 31 July 2026	26,765	164,773	364,213	7,015	39,040	601,806

(a) Impairment assessment

During the year ended 31 July 2026, the Group identified indicators of impairment in relation to the South Island cash-generating unit (CGU), including the Group's ongoing loss position, operational challenges and market capitalisation being below the carrying amount of net assets. Accordingly, the Directors performed an impairment assessment in accordance with NZ IAS 36.

The recoverable amount of the South Island CGU was assessed using both a value in use (VIU) model and an independent fair value less costs of disposal (FVLCD) assessment. The Directors placed significant weight on the FVLCD assessment, which was performed by Ernst and Young Shanghai, an independent valuation specialist, using a market-based valuation approach supported by recent comparable dairy industry transactions and market participant assumptions.

The independent FVLCD assessment indicated a range of supportable values for the South Island CGU. The Directors considered valuation outcomes ranging from \$700m to \$774m, all of which exceeded the carrying value of the South Island CGU as at 31 July 2026.

Key assumptions included sustainable processing capacity and utilisation levels, expected operating performance, market participant earnings assumptions, valuation multiples observed in recent comparable transactions and estimated disposal costs. Based on the impairment assessment, the Directors concluded that the recoverable amount of the South Island CGU exceeded its carrying value at 31 July 2026 and no impairment loss was recognised.

11. Biological assets

Biological assets comprise livestock (dairy cows) and are measured at fair value less costs to sell at both initial recognition and at the end of each reporting period. Changes in the fair value of biological assets are recognised in profit or loss. The fair value of biological assets is determined by an independent valuer with reference to local area market prices at the end of each reporting period. The fair value measurement of livestock is facilitated by grouping livestock by age and type. All of the Group's biological livestock assets are classified as bearer biological assets.

	2026 \$'000	2025 \$'000
Balance as at 31 July	5,803	4,731

As at 31 July 2026 there were 2,279 dairy cows on hand (2025: 2,297). The dairy cows are used for the purposes of producing milk to be utilised in the Group's milk processing operations.

12. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the cost of the acquisition over the net of the fair values of the assets and liabilities of the subsidiaries acquired. Goodwill is tested for impairment annually and is carried at cost as established at the date of acquisition of the subsidiary, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs) that are expected to benefit from the business combination in which the goodwill arose. The recoverable amount of CGUs is the higher of fair value less costs to sell and value in use. If this recoverable amount is less than the carrying amount of the CGU, an impairment loss is recognised immediately in the profit or loss, and it is not subsequently reversed.

Brands

Purchased brands have been assessed as indefinite life intangible assets, after considering factors such as the expected use of the assets, the period of legal control, the typical product life cycle of these assets, the industry in which the assets are operating, and the level of maintenance expenditure required. Purchased brands are initially recognised at fair value if acquired as part of a business combination, and are tested for impairment annually, or more frequently if there are any indicators of impairment, on the same basis as goodwill.

Patents, trademarks and other rights

Separately acquired patents, trademarks, and other rights are shown at historical cost. Patents, trademarks, and other rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks, and other rights over their estimated useful lives of 4 to 20 years.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, testing, and implementation of identifiable and unique software products controlled by the Group are recognised as intangible assets. Amortisation is calculated using the straight-line method to allocate the cost of computer software over an estimated useful life of 1 year to 12 years.

New Zealand Units (NZU)

New Zealand Units are purchased to offset carbon emissions under the New Zealand Emissions Trading Scheme. The units are measured at cost and expensed on a first-in first-out basis. Units are surrendered during the year to meet our obligations under the New Zealand Emissions Trading Scheme.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any other assets in the unit (or group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss in relation to goodwill is not reversed.

	Goodwill \$'000	Brand \$'000	Patents, trademarks and other intangibles \$'000	Computer software \$'000	Intangibles in progress \$'000	New Zealand Units \$'000	Total \$'000
Cost							
Balance as at 1 August 2024	58,163	16,569	8,773	69,677	2,663	8,116	163,961
Additions	-	-	-	-	4,989	1,193	6,182
Reclassification/transfer	-	-	20	7,624	(7,644)	-	-
Disposals	-	-	(109)	(1,183)	-	-	(1,292)
Surrenders	-	-	-	-	-	(5,659)	(5,659)
Amortisation charge (note 4)	-	-	-	-	-	-	-
Balance as at 31 July 2025	58,163	16,569	8,684	76,118	8	3,650	163,192
Balance as at 1 August 2025	58,163	16,569	8,684	76,118	8	3,650	163,192
Additions	-	-	-	1,039	3,236	3,879	8,154
Reclass/transfer	-	-	8	2,197	(2,205)	-	-
Impairment	-	-	-	298	-	-	298
Surrenders	-	-	-	-	-	(5,972)	(5,972)
Disposals	-	-	(591)	(2,445)	(23)	-	(3,059)
Balance as at 31 July 2026	58,163	16,569	8,101	77,207	1,016	1,557	162,613
Accumulated amortisation							
Balance as at 1 August 2024	-	-	3,532	21,283	-	-	24,815
Amortisation (note 4)	-	-	1,617	5,665	-	-	7,282
Disposals	-	-	(109)	(1,103)	-	-	(1,212)
Balance as at 31 July 2025	-	-	5,040	25,845	-	-	30,885
Balance as at 1 August 2025	-	-	5,040	25,845	-	-	30,885
Amortisation (note 4)	-	-	1,610	5,807	-	-	7,417
Disposals	-	-	(591)	(985)	-	-	(1,576)
Balance as at 31 July 2026	-	-	6,059	30,667	-	-	36,726
Carrying amounts							
Year ended 31 July 2025							
Current	-	-	-	-	-	3,650	3,650
Non-current	58,163	16,569	3,644	50,273	8	-	128,657
Closing net book value	58,163	16,569	3,644	50,273	8	3,650	132,307
Year ended 31 July 2026							
Current	-	-	-	-	-	1,557	1,557
Non-current	58,163	16,569	2,042	46,540	1,016	-	124,330
Closing net book value	58,163	16,569	2,042	46,540	1,016	1,557	125,887

12. Intangible assets (continued)

(a) Impairment assessment

During the period, intangible assets were examined and there were no indicators of a further impairment. The Dairyworks CGU was tested for impairment due to the non-depreciating assets which require an annual impairment assessment.

The Dairyworks CGU has a goodwill allocation of \$58.2m. In addition, non-depreciating intangible assets with indefinite useful lives, primarily brand and trademark assets, have been allocated to the CGU with a carrying amount of \$16.6m.

The recoverable amount of the Dairyworks CGU was determined using the value in use methodology. This assessment was based on projected cash flows that reflect both historical performance and management’s expectations of future market conditions for Dairyworks’ products. A pre-tax discount rate of 11.82% was applied, alongside a terminal growth rate of 2.5%. A sensitivity analysis was also performed. It indicated that an increase of 7.2% in the pre-tax discount rate would reduce the CGU’s recoverable amount below its carrying amount, resulting in an impairment. Similarly, a reduction in projected cash flows of 35.2% would also lead to impairment. However, the results of the impairment test showed that the recoverable amount exceeded the carrying amount by \$211.7m. Accordingly, no impairment loss was recognised for the Dairyworks CGU.

13. Leases

Measurement of right-of-use assets and lease obligations

Right-of-use assets are initially measured at an amount equal to the present value of the remaining lease liability. Subsequent additions are measured at the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

ROU assets are depreciated on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Group’s property, plant and equipment. ROU assets are also adjusted for impairment and any remeasurements of the lease liability.

Measurement of lease obligations

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted using the Group’s incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Group is reasonably certain to exercise.

The lease obligation is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group exercises a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

The Group does not recognise ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognised as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated income statement. The Group has also elected to apply a single discount rate to portfolios of leases with reasonably similar characteristics.

Group as lessor

The Group acts as lessor in respect of certain assets that are leased to third parties under finance lease arrangements. A lease is classified as a finance lease where substantially all of the risks and rewards incidental to ownership of the underlying asset are transferred to the lessee.

At lease commencement, the Group recognises a finance lease receivable equal to its net investment in the lease. The net investment comprises the present value of the lease payments receivable and, where applicable, any unguaranteed residual value accruing to the Group.

Finance income is recognised over the lease term so as to reflect a constant periodic rate of return on the Group’s net investment in the lease.

13. Leases (continued)

(a) Group as lessee

Right-of-use assets	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Cost			
Balance as at 1 August 2024	52,769	3,462	56,231
Additions and acquisitions	513	305	818
Reassessments and modifications	7,160	-	7,160
Disposals	-	(196)	(196)
Balance as at 31 July 2025	60,442	3,571	64,013
Balance as at 1 August 2025	60,442	3,571	64,013
Additions and acquisitions	1,225	588	1,813
Disposals	(27,058)	(2,185)	(29,243)
Balance as at 31 July 2026	34,609	1,974	36,583
Accumulated Depreciation			
Balance as at 1 August 2024	15,266	1,627	16,893
Disposals	-	(197)	(197)
Reassessments and modifications	(38)	-	(38)
Depreciation	5,787	691	6,478
Balance as at 31 July 2025	21,015	2,121	23,136
Balance as at 1 August 2025	21,015	2,121	23,136
Disposals	(12,512)	(1,436)	(13,948)
Depreciation	3,496	659	4,155
Balance as at 31 July 2026	11,999	1,344	13,343
Carrying amounts			
Balance as at 31 July 2025	39,427	1,450	40,877
Balance as at 31 July 2026	22,610	630	23,240
		2026 \$'000	2025 \$'000
Current		5,840	6,499
Non-current		39,297	48,734
Total discounted lease obligations		45,137	55,233

Interest expense on lease obligations for the year ended 31 July 2026 was \$3.0m (2025: \$3.0m) and is included in finance expense.

The total cash outflow for leases in the year ended 31 July 2026 was \$7,436,000 (2025: \$6,012,000).

(b) Group as lessor

As part of the disposal of the North Island operations to Abbott Nutrition NZ Limited on 1 April 2026, the Group entered into a sublease arrangement in respect of the Jerry Green Street warehouse property. The Group has classified the arrangement as a finance sublease in accordance with NZ IFRS 16, as substantially all of the risks and rewards associated with the underlying right-of-use asset have been transferred to the sublessee.

The Group recognises a net investment in the finance sublease and records finance income over the lease term using the effective interest method.

	2026 \$'000	2025 \$'000
Amounts recognised during the year		
Interest received on the net investment in finance leases	393	-
Reconciliation of gross investment to net investment		
Gross investment in finance sublease	20,412	-
Unearned finance income	(3,653)	-
Net investment in finance sublease	16,759	-
Maturity analysis of undiscounted lease payments receivable		
Within one year	3,268	-
Between one and two years	3,383	-
Between two and three years	3,501	-
Between three and four years	3,624	-
Between four and five years	3,750	-
Later than five years	2,886	-
Total undiscounted lease payments receivable	20,412	-
The net investment in finance leases is presented as follows:		
Current	3,085	-
Non-current	13,674	-
Total net investment in finance sublease	16,759	-

Risk management

The Group is exposed to credit risk in relation to lease payments receivable from the sublessee. This risk is managed through ongoing monitoring of the counterparty's ability to meet its contractual obligations.

The Group is not exposed to significant residual value risk in relation to the finance sublease as the underlying property remains subject to the head lease arrangements and the residual value risk associated with the underlying asset is not significant.

14. Finance income and expenses

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Interest expense on borrowings, bank and facility fees and transaction costs are recognised in the income statement over the period of the borrowings, using the effective interest rate method, unless such costs relate to funding capital work in progress. Interest expense on lease obligations is also recognised in the income statement in accordance with NZ IFRS 16.

	2026 \$'000	2025 \$'000
Finance income		
Interest income on loans and deposits	<u>1,108</u>	<u>694</u>
Total finance income	<u>1,108</u>	<u>694</u>
Finance costs		
Interest and facility fees	(18,037)	(30,066)
Capitalised borrowing costs	182	-
Interest on leases	<u>(3,035)</u>	<u>(3,020)</u>
Total finance costs	<u>(20,891)</u>	<u>(33,086)</u>
Net finance costs	<u>(19,783)</u>	<u>(32,392)</u>
Loss on derecognition of financial assets	<u>(6,065)</u>	<u>(7,719)</u>

15. Loans and borrowings

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss component of the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to become ready for its intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

	2026			2025		
	Drawn facility amount \$'000	Transaction costs \$'000	Carrying amount \$'000	Drawn facility amount \$'000	Transaction costs \$'000	Carrying amount \$'000
Working capital facility NZD	50,000	(481)	49,519	-	-	-
Revolving credit facility	-	-	-	141,411	(161)	141,250
Term loan facility	14,905	(110)	14,795	57,589	-	57,589
NZD/CNH Facility	38,846	(174)	38,672	-	-	-
Shareholder loan	-	-	-	130,000	-	130,000
Current liabilities	<u>103,750</u>	<u>(765)</u>	<u>102,985</u>	<u>329,000</u>	<u>(161)</u>	<u>328,839</u>
Shareholder loan	<u>130,000</u>	<u>(314)</u>	<u>129,686</u>	-	-	-
Non-current liabilities	<u>130,000</u>	<u>(314)</u>	<u>129,686</u>	-	-	-
Total loans and borrowings	<u>233,750</u>	<u>(1,079)</u>	<u>232,671</u>	<u>329,000</u>	<u>(161)</u>	<u>328,839</u>

(a) Terms of loans and borrowings

The bank loans and working capital facility within the Group are secured under the terms of the General Security Deed dated 26 June 2013, by which all present and future property is secured to ANZ, China Construction Bank ("CCB"), Bank of China ("BOC"), HSBC, Bank of Communications ("BOCOM"), Industrial and Commercial Bank of China ("ICBC"), Shanghai Rural Commercial Bank ("SHRCB"), China Merchants Bank ("CMB") and Bank of Beijing ("BoB").

A shareholder loan of \$130.0m from the Group's majority shareholder, Bright Dairy, has been obtained. The maturity date is 7 July 2028.

The Group is subject to capital requirements imposed by its bank through covenants agreed as part of the lending facility arrangements. The Group has met all covenants for the reporting period ended 31 July 2026.

Key financial covenants include a net senior leverage ratio of 3.0x (first tested 30 June 2027), a working capital ratio of 1.50x for the period to 28 February 2027 and 1.75x thereafter. This is an "at all times" covenant. An interest cover ratio of 2.5x for each quarter to (and including) 30 June 2027 (and 3.0x thereafter), Shareholders' Funds to always exceed \$450 million. In addition, the Group is subject to quarterly minimum EBITDA milestones.

The Group's interest bearing loans and borrowings are on floating rates of interest. The nominal interest rate is calculated by adding the BKBM rate for NZD facilities, HIBOR rate for CNH facilities and the applicable margin rate. It excludes line fees and swap costs. As at year end the interest was charged at a rate between 2.0% to 4.4933%.

15. Loans and borrowings (continued)

The Group completed its syndicated banking facilities with ANZ, China Construction Bank ("CCB"), Bank of China ("BOC"), HSBC, Bank of Communications ("BOCOM"), Industrial and Commercial Bank of China ("ICBC"), Shanghai Rural Commercial Bank ("SHRCB"), China Merchants Bank ("CMB") and Bank of Beijing ("BoB") continuing as members. The 12-month facilities peak at \$320.0m and mature on 30 June 2027. The banks have the option to extend the facility for a further three months, up to 30 September 2027.

At 31 July 2026, the Group had senior banking facilities of approximately \$320.0m, of which \$103.8m was drawn and \$215.0m was undrawn. Access to undrawn facilities is subject to the individual facility limits, permitted purposes and applicable conditions for drawing.

The Group's \$146.0m of seasonal working capital facilities reduce progressively through the 2026/27 milk season, with \$60.0m maturing in February 2027, a further \$60.0m maturing in May 2027 and the remaining \$26.0m maturing in June 2027.

The Group also has other term and credit facilities totalling approximately \$68.8m that mature in June 2027. In addition, the Group has \$104.0m of undrawn term facilities which mature 12 months from their respective drawing dates.

16. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

During the reporting period, no new ordinary shares were granted to participants of the Group's Long Term Incentive scheme as a result of share rights that were granted under the scheme vesting and being converted to ordinary shares (2025: \$nil). Refer to note 17 for further information.

During the reporting period, no new common shares were issued by the Group (2025: 384,616,437 common shares issued).

	2026 Shares	2025 Shares	2026 \$'000	2025 \$'000
(a) Share capital				
Ordinary shares				
On issue at beginning of period	603,198,098	218,581,661	676,881	464,774
Shares issued during period	-	384,616,437	-	212,107
	603,198,098	603,198,098	676,881	676,881

None of the above shares are held by the Group or its subsidiaries.

(b) Ordinary shares

All issued shares are fully paid and have no par value.

Ordinary shares are entitled to one vote per share at meetings of Synlait Milk Limited.

All ordinary shares rank equally with regard to Synlait Milk Limited's residual assets.

(c) Capital risk management

The Group's capital includes share capital, retained earnings and reserves.

The Group's position is to maintain a sound capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is subject to various security ratios within the bank facilities agreement.

(d) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the number of shares outstanding to include the effects of all potential dilutive shares.

Total basic EPS for the 2026 financial period was (12.51) cents (2025: (7.39) cents). Diluted EPS for the 2026 financial period was (12.51) cents (2025: (7.39) cents). Weighted average shares outstanding for the 2026 financial period were 603,198,098 (2025: 538,919,735). Weighted average shares outstanding, adjusted for potentially dilutive shares for the 2026 financial period were 603,198,098 (2025: 538,919,735).

17. Share based payments

LTI Share Scheme Overview		
Under the Long-Term Incentive (LTI) share scheme, eligible participants are granted Performance Share Rights (“PSRs”). These PSRs are designed to incentivise long-term performance and align the interests of participants with those of Synlait Milk Limited’s shareholders.		
From the 2024 financial year onward, PSRs are to be settled in cash, unless otherwise noted.		
PSRs are typically awarded annually, with each grant assessed over a three-year performance period commencing from the date of award. The number of PSRs allocated is calculated as 20% of the participant’s base salary divided by Synlait Milk Limited’s share price on the entitlement date.		
Performance Conditions and Vesting Criteria		
Financial Year 2026 Grants:		
PSRs were granted during the financial year ended 31 July 2026 in respect of the Financial Year 2025 LTI share scheme.		
Financial Year 2025 Grants:		
- PSRs consist of 30% Total Shareholder Return Rights (“TSR Rights”) and 70% Return on Net Capital Employed Rights (“RoNCE Rights”). - Vesting of TSR Rights and RoNCE Rights is subject to progressive vesting scales based on performance outcomes. - For TSR Rights, 100% vesting requires Synlait’s TSR to reach \$1.20 for the volume weighted average price (VWAP) over the last 10 trading days as at 31 July 2027. - For RoNCE Rights, 100% vesting requires Synlait’s RoNCE to exceed the 4.89% per year target over the performance period. - Both TSR and EPS Rights vest using progressive scales.		
For both TSR and EPS hurdles, Synlait’s TSR must be positive over the assessment period for vesting to occur.		
Additional Terms		
No exercise price is payable on the exercise of PSRs. Ordinary shares are delivered to participants at nil consideration.		
The LTI share scheme is operated annually, with awards subject to Board approval. Each award is assessed over a three-year period.		

	2026	2025
Outstanding 1 August	2,239,301	1,638,673
Granted during the year	474,917	1,796,915
Forfeited during the year	(1,815,549)	(1,196,287)
	898,669	2,239,301

18. Reserves and retained earnings

	2026 \$'000	2025 \$'000
(a) Reserves		
Hedging reserve - cash flow hedges	416	5,400
Share-based payments reserve	611	611
Foreign currency translation reserve	107	41
	1,134	6,052
(b) Retained earnings		
Movements in retained earnings were as follows:		
	2026 \$'000	2025 \$'000
Balance 1 August	105,853	145,675
Net loss for the year	(75,440)	(39,822)
Balance 31 July	30,413	105,853
(c) Nature and purpose of reserves		
<i>(i) Cash flow hedge reserve</i>		
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments and the cost of cash flow hedging instruments. Cash flow hedging instruments relate to hedged transactions that have not yet occurred.		
<i>(ii) Employee benefits reserve</i>		
There is no movement in the employee benefits reserve (2025: \$0.6m).		
(d) Dividends		
No dividends were declared by the Group during the year.		

19. Financial risk management

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, foreign exchange rate risk, and commodity price risk, including forward exchange contracts, interest rate swaps and commodity derivative contracts.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk on its sales, which are predominantly denominated in US dollars. The Group is also exposed to foreign currency risk on the purchase of raw materials for production and capital equipment purchases from overseas. The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency risk. These instruments include forward exchange contracts, option collars and vanilla options. These instruments enable the Group to mitigate the risk that the variable exchange rates present to future cash flows for sales receipts or purchases by fixing or limiting the exchange rate at which these cash receipts or payments are exchanged into NZ dollars.

In relation to foreign exchange contracts that are entered into based on forecast cash receipts or payments, variability in the expected timing or amounts of future cash flows can lead to ineffective hedging. To mitigate the risk of ineffectiveness the Group's policy is to hedge a decreasing proportion of the risk exposure the further into the future the exposure exists given the increasing uncertainty of cash flows. Additionally, the Group's policy is that the proportion of risk exposure to be hedged changes on a monthly basis in response to the movement in market rates.

As at 31 July 2026, the Group has hedged 49% of its exposure to forecast foreign exchange risk on USD sales. As at 31 July 2026, the Group has hedged 20% of its exposure to forecast foreign exchange risk on USD purchases. The Group hedges foreign exchange risk over the following 18 months from balance date.

Interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its bank overdrafts and borrowings.

The Group manages its interest rate risk by using interest rate swaps to convert a portion of its floating rate debt to fixed interest rates in relation to the benchmark interest rate element. As interest rate swaps are entered into based on forecast debt levels, variability in future cash flows and debt levels can lead to ineffective hedging. To mitigate the risk of ineffectiveness the Group's policy is to hedge a decreasing proportion of the risk exposure the further into the future the exposure exists given the increasing uncertainty of cash flows.

The Group has a Board approved treasury policy that sets the parameters for the extent of the cover taken. The policy requires the Group to hedge 30% to 80% of its exposure to interest rate risk that matures within 3 years, 20% to 60% of the risk that matures between 3 and 5 years, and 0% to 40% of the risk that matures between 5 and 10 years.

Commodity Price Risk

Dairy commodity price risk is the risk of volatility in profit and loss from the movement in dairy commodity prices to which the Group may be exposed. Volatility in global dairy commodity prices can have an adverse impact on the Group's earnings and milk price by eroding selling prices and increasing input costs.

The Group primarily manages its dairy commodity price risk by:

- Determining the most appropriate mix of products to manufacture based on the milk supply curve and global demand for dairy products;
- Governing the length and terms of sales contracts so that sales revenue is reflective of current market prices and is, where appropriate, linked to Global Dairy Trade (GDT) prices; and
- Using commodity derivative contracts to manage sales price volatility caused by fluctuations in GDT prices.

The Group has a Board approved treasury policy that sets the parameters under which commodity cover is to be taken, including permitted derivative types and volume limits.

Credit risk

The Group's exposure to credit risk is mainly influenced by its customer base and banking counterparties. The Group has a credit policy in place under which each new customer is rigorously analysed for creditworthiness. Investments and derivatives are only entered into with reputable financial banks.

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group retains limited exposure to certain risks associated with assigned receivables, principally the risk of immaterial late payment charges and specific recourse events under certain receivables purchase agreements. The Group has assessed these exposures and concluded that they do not represent significant continuing involvement and that substantially all risks and rewards of ownership have transferred to the purchasing banks. Accordingly, the assigned receivables are derecognised in accordance with NZ IFRS 9, as described in note 7.

Synlait Milk Limited guarantees all facilities held by Synlait Milk Finance Limited.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. The Group evaluates its liquidity requirements on an ongoing basis and uses a variety of facilities to manage liquidity risk. The Group has negotiated banking facilities sufficient to meet its medium-term facility requirements.

The Group has internal limits in place in order to reduce exposure to liquidity risk, as well as having committed lines of credit. It is the Group's policy to provide credit and liquidity enhancements only to wholly owned subsidiaries.

Market risk

(i) Foreign exchange risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2026					2025			
	USD	AUD	EUR	RMB	SGD	USD	AUD	EUR	RMB
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	31,055	2,758	112	39,128	-	21,100	5,326	707	15,235
Trade payables	(1,834)	(95)	(200)	(1,914)	(30)	(8,449)	(1,477)	(225)	(1,179)
Total	29,220	2,663	(88)	37,214	(30)	12,651	3,849	482	14,056

19. Financial risk management (continued)

The Group's exposure to foreign currency in the period ended 31 July 2026 is limited to its sales of dairy products, purchases of raw materials for production and capital equipment purchases. As of the reporting date, the Group held the following foreign exchange derivative instruments outstanding in relation to future foreign currency transactions, including those associated with the North Island divestment.

	2026		2025	
	Weighted average exchange rate	Nominal balance '000	Weighted average exchange rate	Nominal balance '000
USD				
Exports				
Less than 1 year	0.5868	229,600	0.5909	423,750
1 to 2 years	0.5714	8,000	0.5697	18,000
Imports				
Less than 1 year	0.5887	(35,165)	0.5962	(48,620)
1 to 2 years	-	-	0.6087	(1,313)
Options				
Less than 1 year	-	-	0.6200	10,000
AUD				
Exports				
Less than 1 year	0.8490	11,500	0.9200	8,000
CNH				
Exports				
Less than 1 year	3.9921	206,000	4.1016	97,000
1 to 2 years	3.8846	28,000	4.1562	18,000
EUR				
Imports				
Less than 1 year	0.4960	(1,862)	-	-
1 to 2 years	0.5031	(118)	-	-

(ii) Interest rate risk

As at the reporting date, the Group had the following interest rate swap contracts outstanding:

	2026		2025	
	Weighted average interest rate %	Nominal balance \$'000	Weighted average interest rate %	Nominal balance \$'000
Less than 1 year	4.13%	85,000	4.47%	45,000
1 to 2 years	4.19%	50,000	4.73%	35,000
2 to 3 years	- %	-	4.70%	20,000

The above balances include forward start swap contracts for various periods and do not necessarily reflect the current active contracts held at any one point in time.

In managing interest rate risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, changes in interest rates will have an impact on profit.

(iii) Sensitivity analysis

The table below presents the effect on the income statement and cash flow hedge reserve at balance date if various market rates had been higher or lower with all other variables held constant. A positive number in the table represents an increase in profit or the cash flow hedge reserve.

	Post-tax impact on the income statement		Post-tax impact on cash flow hedge reserve (equity)	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
100 basis points increase in interest rate	(2,473)	(2,649)	787	681
100 basis points decrease in interest rate	2,473	2,649	(801)	(699)
Foreign exchange rates				
5% increase in exchange rate	(2,633)	(1,020)	22,959	40,654
5% decrease in exchange rate	2,910	1,127	(22,629)	(27,963)

(iv) Commodity derivatives

During the reporting period the Group entered into a small number of commodity derivative contracts to further support the Group's existing financial risk management strategy. The movement in the fair value of the commodity derivatives is included within the cash flow hedge reserve.

Liquidity risk

The total repayments and associated maturity of financial liabilities as at balance date are reported below.

	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

As at 31 July 2026

Trade and other payables	318,185	-	-	-	318,185
Loans and borrowings	102,985	129,686	-	-	232,671
Derivative financial instruments	3,964	207	-	-	4,171
Lease liabilities	5,831	6,058	8,764	24,484	45,137
Total	430,965	135,951	8,764	24,484	600,164

As at 31 July 2025

Trade and other payables	378,341	-	-	-	378,341
Loans and borrowings	328,839	-	-	-	328,839
Derivative financial instruments	7,656	390	724	-	8,770
Lease liabilities	6,499	6,135	14,401	28,198	55,233
Total	721,335	6,525	15,125	28,198	771,183

19. Financial risk management (continued)

Cash flow hedges

The Group enters into cash flow hedges of highly probable forecast transactions and firm commitments, as described in the accounting policy section of this note.

Hedging instruments used in cash flow hedges	Nominal amount	Carrying amount		Hedge accounted amounts in cash flow reserve	Total cash flow hedge reserve
		Assets	Liabilities		
	\$'000	NZD'000	NZD'000	Intrinsic value NZD'000	NZD'000
31 July 2026					
Foreign exchange risk					
Forward exchange contracts (USD)	202,435	4,412	(2,123)	2,289	2,289
Forward exchange contracts (AUD)	11,500	95	(236)	(140)	(140)
Forward exchange contracts (EUR)	1,980	-	(94)	(94)	(94)
Forward exchange contracts (CNH)	234,000	224	(1,233)	(1,009)	(1,009)
Option (USD)	-	-	-	-	-
Interest rate risk					
Interest rate swaps (NZD)	85,000	14	(482)	(468)	(468)
Commodity price risk					
Dairy commodity futures	-	-	(3)	-	-
Total		4,745	(4,171)	578	578
31 July 2025					
Foreign exchange risk					
Foreign exchange contracts (USD)	401,817	14,492	(7,128)	7,885	7,885
Foreign exchange contracts (AUD)	8,000	21	(41)	(20)	(20)
Foreign exchange contracts (EUR)	115,000	790	(31)	759	759
Interest rate risk					
Interest rate swaps (NZD)	45,000	-	(1,112)	(1,112)	(1,112)
Commodity price risk					
Dairy commodity futures	6,666	-	(458)	(12)	-
Total		15,303	(8,770)	7,500	7,512

Hedging instruments are located within the derivative financial instruments line items in the statement of financial position, classified as assets or liabilities, current or non-current.

	2026		2025	
Effects of cash flow hedges on the statement of comprehensive income	Hedging gains / (losses) recognised in other comprehensive income \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Hedging gains / (losses) recognised in other comprehensive income \$'000	Hedge ineffectiveness recognised in profit or loss \$'000
Foreign exchange risk				
Forward exchange contracts	(7,579)	-	17,404	-
Interest rate risk				
Interest rate swaps	644	-	(429)	-
Commodity price risk				
Dairy commodity futures	13	-	(11)	-
Total	(6,922)	-	16,964	-
Hedge ineffectiveness is included within the finance expenses line of the income statement.				
Impact to reserves in equity				
The impact of the Group's hedge accounting policies on the reserves in equity is presented in the table below:				
Hedge reserves				
			2026	2025
			\$'000	\$'000
Opening balance			5,400	(6,814)
<i>Movements attributable to cash flow hedges:</i>				
Change in value of effective derivative hedging instruments			(6,922)	15,996
Reclassifications to the income statement as hedged transactions occurred			-	968
Tax (expense) / credit			1,938	(4,750)
Total movement			(4,984)	12,214
Closing balance			416	5,400

20. Financial instruments

Classification The Group classifies its financial assets in three categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification of financial assets depends on the business model within which the financial asset is held and its contractual cash flow characteristics. The Group classifies its financial liabilities in two categories: at amortised cost and at fair value through profit or loss. <i>(i) Financial instruments at amortised cost</i> Financial assets are classified as measured at amortised cost if the Group's intention is to hold the financial assets for collecting cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. The Group currently classifies its cash and cash equivalents, accounts receivable and other receivables as financial assets measured at amortised cost, except for receivables from customers who participate in the Group's receivables purchase agreements which are classified as financial assets measured at fair value through profit or loss (FVPL). Financial liabilities are classified as measured at amortised cost using the effective interest method, with the exception of those classified at fair value. The Group currently classifies its accounts payable, accrued liabilities (excluding derivatives) and term debt as financial liabilities measured at amortised cost. <i>(ii) Financial instruments at fair value through other comprehensive income ("FVOCI")</i> The Group has elected to designate certain investments in equity instruments that are not held for trading as FVOCI at initial recognition and to present gains and losses in other comprehensive income. Dividends earned from such investments are recognised in profit or loss. <i>(iii) Financial instruments at fair value through profit or loss ("FVPL")</i> Financial assets that do not meet the criteria for classification as measured at either amortised cost or FVOCI are classified as FVPL. Derivative financial instruments that are not in an effective hedge relationship are classified as FVPL. Recognition and measurement The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss. Where financial assets are subsequently measured at amortised cost, interest revenue, credit losses and foreign exchange gains or losses are recognised in profit or loss. On derecognition, any gain or loss is recognised in profit or loss. Financial liabilities subsequently measured at amortised cost are measured using the effective interest method. Where investments in equity instruments are designated as FVOCI, fair value gains and losses are recognised in other comprehensive income. Dividends earned from such investments are recognised in profit or loss. Where financial assets are subsequently measured at FVPL, all gains and losses are recognised in profit or loss. A key judgement is the assessment that substantially all the risks and rewards of ownership have been transferred in the derecognition of financial assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.	Fair value estimation The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. As the Group's financial instruments are not traded in active markets, their fair value is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. All financial instruments held at fair value are included in level 2 of the valuation hierarchy as defined in NZ IFRS 13. The fair value of foreign currency forward contracts is determined using forward exchange rates at balance date. The fair value of foreign exchange option agreements is determined using forward exchange rates at balance date. The fair value of interest rate swaps is determined using forward interest rates as at reporting date. The fair value of commodity derivatives is determined using NZX settlement prices. Offsetting financial instruments Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are master netting agreements in place for derivative financial instruments held, however these instruments have not been offset in the statement of financial position as they do not currently meet the criteria for offset. Impairment of financial assets The Group has adopted the expected credit loss ("ECL") model. For further detail please refer to note 7. The Group assesses whether there is evidence that a financial asset or group of financial assets is impaired, with the exception of assets that are fair valued through profit or loss. A financial asset or a group of financial assets can be impaired and the impairment losses are recognised in accordance with IFRS 9. The Group continues to assess if historical and future objective evidence of impairment exists after the initial recognition of the asset. Derivative financial instruments - hedge accounting The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, foreign exchange rate risk, and commodity price risk including forward exchange contracts, interest rate swaps, and commodity derivative contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. For derivatives measured at fair value, the gain or loss that results from changes in fair value of the derivative is recognised in earnings immediately, unless the derivative is designated and effective as a hedging instrument. Hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments are designated as cash flow hedges by the Group. The full fair value of a hedging derivative is classified as a current asset or liability when the remaining term of the hedged item is 12 months or less from balance date, or when cash flows arising from the hedged item will occur within 12 months or less from balance date. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and no cash flows will occur within 12 months of balance date. <i>(i) Hedge accounting</i> The Group designates certain hedging instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. Hedges of risk on firm commitments and highly probable transactions are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.
--	---

20. Financial instruments (continued)

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion and reclassification adjustments are recognised immediately in profit or loss, included in revenue for foreign exchange instruments and commodity price derivatives, and finance costs for interest rate swaps.

Amounts recognised in the hedging reserve are reclassified from equity to profit or loss (as a reclassification adjustment) in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is immediately recorded in profit or loss.

The Group separates the intrinsic value and time value of vanilla options and collar contracts, designating only the intrinsic value as the hedging instrument. The time value, including any gains or losses, is recognised in other comprehensive income until the hedged transaction occurs and is recognised in profit or loss.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Financial liabilities	At amortised cost	At fair value through profit or loss	Total
	\$'000	\$'000	\$'000
At 31 July 2026			
Derivative financial instruments	-	4,171	4,171
Lease liabilities	45,137	-	45,137
Trade and other payables	295,037	-	295,037
Loans and borrowings	232,671	-	232,671
Other non-current liabilities	837	-	837
Total	573,682	4,171	577,853
At 31 July 2025			
Derivative financial instruments	-	8,770	8,770
Lease liabilities	55,233	-	55,233
Trade and other payables	364,286	-	364,286
Loans and borrowings	328,839	-	328,839
Total	748,358	8,770	757,128

All derivative financial instruments held at 31 July 2026 were designated in qualifying cash flow hedge relationships.

(a) Financial instruments by category

Financial assets	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
	\$'000	\$'000	\$'000	\$'000
At 31 July 2026				
Cash and cash equivalents	18,715	-	-	18,715
Derivative financial instruments	-	-	4,745	4,745
Trade and other receivables	166,588	-	-	166,588
Other current and non-current assets	520	-	-	520
Net investment in lease	16,759	-	-	16,759
Investments in equity	-	3,596	-	3,596
Total	202,582	3,596	4,745	210,923
At 31 July 2025				
Cash and cash equivalents	78,277	-	-	78,277
Derivative financial instruments	-	-	15,303	15,303
Trade and other receivables	94,985	-	-	94,985
Investments in equity	-	2,301	-	2,301
Total	173,262	2,301	15,303	190,866

21. Income tax

Tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets arising from unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilised. The availability of future taxable profits is assessed having regard to the reversal of existing taxable temporary differences and other relevant evidence. Deferred tax assets arising from unused tax losses are reviewed at each reporting date.

New Zealand tax consolidated group

Synlait Milk Limited and wholly-owned New Zealand controlled entities Synlait Milk Finance Limited and Synlait Milk (Dunsandel Farms) Limited form a tax consolidated group. The New Zealand Dairy Company Limited, Eighty Nine Richard Pearse Drive Limited, Dairyworks Limited and Synlait Milk (Holdings No. 1) Limited are not members of the tax consolidated group.

	2026 \$'000	2025 (re-presented) \$'000
(a) Income tax (expense) / benefit		
Current tax expense:		
Current tax on profit / (loss) for the year	(248)	(8,977)
Current tax on prior period adjustments	(363)	-
	<u>(611)</u>	<u>(8,977)</u>
Deferred tax expense:		
Temporary differences	(13,263)	14,600
Prior year adjustments	3,836	(87)
Total deferred tax	<u>(9,427)</u>	<u>14,513</u>
Income tax benefit / (expense)	<u>(10,038)</u>	<u>5,536</u>
(b) Reconciliation of effective tax rate		
Loss before income tax from continuing operations	(81,507)	(22,209)
Income tax using the Group's domestic tax rate - 28%	22,822	6,219
Non-deductible costs	(541)	(739)
	<u>22,281</u>	<u>5,480</u>
Prior year adjustments	3,472	(87)
Tax losses not recognised for accounting purposes	(36,039)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	248	143
	<u>(32,319)</u>	<u>56</u>
Income tax expense	<u>(10,038)</u>	<u>5,536</u>

(c) Imputation credits	2026 \$'000	2025 \$'000
Imputation credits available directly and indirectly to the shareholders of the Group	<u>65,450</u>	<u>89,111</u>

(d) Income tax recognised in other comprehensive income

The tax credit / (charge) relating to components of other comprehensive income is as follows:

	Before tax \$'000	Tax benefit / (expense) \$'000	After tax \$'000
31 July 2026			
Cash flow hedges	(6,922)	1,938	(4,984)
Other comprehensive income	<u>(6,922)</u>	<u>1,938</u>	<u>(4,984)</u>
31 July 2025			
Cash flow hedges	16,964	(4,750)	12,214
Other comprehensive income	<u>16,964</u>	<u>(4,750)</u>	<u>12,214</u>
		2026 \$'000	2025 \$'000

(e) Deferred taxation

The balance comprises temporary differences attributable to:

Assets

Derivatives	-	-
Tax losses carried forward	88,250	93,045
Other items	4,035	4,451
Lease liabilities	5,660	14,093
Total deferred tax assets	<u>97,945</u>	<u>111,589</u>

Liabilities

Property, plant and equipment	(72,949)	(75,755)
Derivatives	(162)	(2,100)
Intangible assets	(16,774)	(15,255)
Right of use assets	(4,060)	(8,873)
Total deferred tax liabilities	<u>(93,945)</u>	<u>(101,983)</u>

Total deferred tax	<u>4,000</u>	<u>9,606</u>
---------------------------	--------------	--------------

21. Income tax (continued)

	Balance 1 Aug 2024	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax associated with discontinuing operations	Prior year adjustment	Balance 31 July 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	(63,207)	(12,468)	-	-	(80)	(75,755)
Derivatives	2,650	-	(4,750)	-	-	(2,100)
Other items	4,421	3,305	30	-	(3,305)	4,451
Tax losses carried forward	66,248	23,495	-	-	3,302	93,045
Intangible assets	(15,303)	62	-	-	(14)	(15,255)
Right of use assets	(10,481)	1,608	-	-	-	(8,873)
Lease liabilities	15,485	(1,402)	-	-	10	14,093
Total	(187)	14,600	(4,720)	-	(87)	9,606

	Balance 1 Aug 2025	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax associated with discontinuing operations	Prior year adjustment	Balance 31 July 2026
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	(75,755)	(7,483)	-	9,876	413	(72,949)
Derivatives	(2,100)	-	1,938	-	-	(162)
Other items	4,451	6,899	(30)	(10,586)	3,301	4,035
Tax losses carried forward	93,045	(4,795)	-	-	-	88,250
Intangible assets	(15,255)	(1,638)	-	-	119	(16,774)
Right of use assets	(8,873)	2,951	-	1,861	1	(4,060)
Lease liabilities	14,093	(9,197)	-	763	1	5,660
Total	9,606	(13,263)	1,908	1,914	3,836	4,000

(f) Pillar II tax reform

The Organisation for Economic Co-operation and Development (OECD) has introduced GloBE Pillar Two model rules which aim to implement a global minimum tax rate of 15 per cent across all jurisdictions.

The New Zealand Government has enacted legislation to implement the OECD Pillar Two Rules which are effective for the Group from 1 August 2025. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has undertaken a high-level assessment to determine the Group’s potential exposure to Pillar Two top-up taxes. Based on the assessment, it is expected that the Group will satisfy the relevant criteria to rely on the Pillar Two transitional safe harbour rules and is not expected to have exposure to Pillar Two top-up taxes. However, it is possible that the Group may be subject to Pillar Two top-up taxes in New Zealand in the future under the under-taxed profits rule as the wider group operates in jurisdictions that have not enacted the Pillar Two rules. The Group is continuing to monitor the developments of the Pillar Two legislation in countries that the Group operates in and assess the impact of Pillar Two legislation on its future financial performance.

22. Other investments

Investments in associates

Associates are those entities in which the Group, either directly or indirectly, holds a significant but not a controlling interest, and has significant influence. Investments in associates are accounted for using the equity method and are measured in the statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets. Goodwill relating to associates is included in the carrying amount of the investment. Dividends reduce the carrying value of the investment.

Investments in joint ventures

Investments where the Group has joint control are accounted for using the equity method and are measured in the statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets. Goodwill relating to joint ventures is included in the carrying amount of the investment. Dividends reduce the carrying value of the investment.

	2026 \$'000	2025 \$'000
Equity securities	110	110
Interest in joint venture	3,486	2,191
Total other investments	3,596	2,301

During the period the Group invested a further \$1.3m (2025: \$0.4m) in AgriZero, a public private joint venture which has been established to undertake a portfolio of investments that will help accelerate the delivery of biological methane emissions reduction tools to all New Zealand farmers.

Synlait Milk Limited held, either directly or indirectly, interests in the following entities at the end of the reporting period:

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2026 %	2025 %
Synlait Milk Finance Limited (Subsidiary)	New Zealand	Ordinary	100	100
The New Zealand Dairy Company Limited (Subsidiary)	New Zealand	Ordinary	100	100
Eighty Nine Richard Pearse Drive Limited (Subsidiary)	New Zealand	Ordinary	100	100
Sichuan New Hope Nutritional Foods Co. Ltd (Associate)	China	Ordinary	25	25
Synlait Business Consulting (Shanghai) Co., Ltd (Subsidiary)	China	Ordinary	100	100
Synlait Milk (Holdings No. 1) Limited (Subsidiary)	New Zealand	Ordinary	100	100
Dairyworks Limited (Subsidiary)	New Zealand	Ordinary	100	100
Synlait Milk (Dunsandel Farms) Limited (Subsidiary)	New Zealand	Ordinary	100	100
Primary Collaboration New Zealand Limited	Zealand	Ordinary	17	17
Primary Collaboration New Zealand (Shanghai) Co., Ltd	China	Ordinary	17	17
Centre for Climate Action Joint Venture	New Zealand	Ordinary	2	2

23. Related party transactions

Parent entity

Bright Dairy Holding Limited holds 65.3% of the shares issued by Synlait Milk Limited (2025: 65.3%). Bright Dairy Holding Limited is a subsidiary of Bright Food (Group) Co. Limited, a State Owned Enterprise domiciled in the People's Republic of China.

Key management personnel compensation

Other than their salaries and bonus incentives, there are no other benefits paid or due to executive leadership team members as at 31 July 2026. The total short-term benefits paid to the key management personnel is set out below.

	2026 \$'000	2025 \$'000
Short term benefits	8,448	6,007
Share based payment expenses (note 17)	-	(536)

(a) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, is set out below.

(i) Loans to directors

There were no loans to directors issued during the period ended 31 July 2026 (2025: \$nil).

(ii) Other transactions and balances

Directors of Synlait Milk Limited own and control 0.0% of the voting shares of the company at balance date (2025: 0.0%).

(iii) Shareholder loan

On 29 June 2026, the Group obtained a replacement loan facility from its majority shareholder, Bright Dairy. The facility was fully drawn as at 31 July 2026, with an outstanding principal balance of \$130.0 million. The loan matures on 7 July 2028 and bears interest between 2.0% and 4.4933%, with the principal repayable in full on the maturity date.

(b) Transactions with other related parties

	2026 \$'000	2025 \$'000
<i>Purchase of goods and services</i>		
Bright Dairy and Food Co Ltd - Directors' fees	277	268
<i>Sale of goods and services</i>		
Bright Dairy and Food Co Ltd - sale of dairy products	816	499
<i>Financial expense</i>		
Bright loan interest	5,676	10,164

(c) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	2026 \$'000	2025 \$'000
<i>Current payables</i>		
Bright Dairy and Food Co Ltd - reimbursement of costs	(1,087)	(811)
Bright Dairy and Food Co Ltd - interest payable	(424)	(2,898)
Bright Dairy International Investment Limited – shareholder loan	-	(130,000)
<i>Non-Current payables</i>		
Bright Dairy International Investment Limited – shareholder loan	(130,000)	-

24 Contingencies

No significant contingent liabilities are outstanding at balance date (2025: \$nil).

25 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2026 \$'000	2025 \$'000
Capital expenditure	13,846	633

The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent have been included as work in progress.

26 Events occurring after the reporting period

There were no events which occurred subsequent to balance date which require adjustment to or disclosure in the financial statements.

27 Other accounting policies

Goods and Services Tax (GST)

The profit and loss components of the statement of comprehensive income have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Independent Auditor’s Report

To the Shareholders of Synlait Milk Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated Statement of Financial Position as at 31 July 2026;
- the Income Statement, Statement of Comprehensive Income, Statement of changes in Equity and Statement of cash Flows for the year then ended; and
- notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Synlait Milk Limited (the **Company**) and its subsidiaries (the **Group**) on pages 60 to 110 present fairly in all material respects:

- the Group’s financial position as at 31 July 2026 and its financial performance and cash flows for the year ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Synlait Milk Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to ESG assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



Material uncertainty related to going concern

We draw attention to the “Material uncertainties related to going concern” note included in the consolidated financial statements. The conditions described in that note indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

In concluding that a material uncertainty related to going concern exists, we evaluated the extent of uncertainty regarding events or conditions casting significant doubt on the Group’s ability to continue as a going concern. This included:

- Analysing the Group’s cash flow forecasts covering the period through to at least 12 months from the date of approval of the financial statements, by evaluating the underlying data and assessing the reasonableness of assumptions relating to trading performance, earnings generation, covenant compliance and liquidity requirements.
- Obtaining the Group’s post balance date trading performance and operational results to assess whether performance to date was consistent with the assumptions underpinning the Group’s forecasts.
- Obtaining an understanding of the refinancing completed on 30 June 2026, including the new syndicated banking facilities and replacement Bright Dairy shareholder loan, and assessing the impact on the Group’s liquidity and funding position.
- Assessing compliance with the financial covenants contained within the new facility agreement and evaluating the Group’s forecast compliance throughout the going concern assessment period.
- Evaluating the Group’s plans to refinance or replace the banking facilities maturing in June 2027, including considering the Group’s forecast trading performance, forecast covenant compliance and continued access to lender and shareholder support.
- Discussion with key management personnel to understand the assumptions underpinning the successful renewal of the State Administration for Market Regulation registration and its significance to future operating performance.
- Evaluating the Group’s going concern disclosures in the financial statements by comparing them to our understanding of the matter, the events and conditions incorporated into the cash flow forecast assessment, management’s plans to address those events and conditions and the requirements of the applicable accounting standards. Particular attention was given to the disclosure of the principal uncertainties, the Group’s mitigating actions and the significant judgements underpinning the going concern assessment.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$5.3m determined with reference to a benchmark of the Group’s total revenue. We chose the benchmark because, in our view, this is a key measure of the Group’s performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. Except for the matter described in the *Material uncertainty related to going concern* section of our report, we summarise below those matters and our key audit procedures to address those matters in order that the Shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter How the matter was addressed in our audit

Impairment of the South Island (Dunsandel) Cash Generating Unit (CGU)

Refer to Note 10(a) to the consolidated financial statements. The impairment assessment of the South Island cash-generating unit was a key audit matter due to the material carrying amount of the assets within the CGU and the significant judgement and estimation uncertainty involved in determining its recoverable amount. The Group identified indicators of impairment, including the ongoing loss position, operational challenges and market capitalisation being below the carrying amount of net assets. The recoverable value of the CGU has been determined in reference to an independent fair value less costs of disposal assessment. The fair value less costs of disposal assessment involved significant judgement regarding the identification of an appropriate market participant, the selection and comparability of recent dairy-industry transactions, sustainable production capacity and utilisation, values attributed to specialised processing	Our audit procedures included: - evaluating the Group’s identification of the South Island CGU and reconciling the carrying amount of the CGU to the underlying accounting records; - assessing whether the assets and liabilities included in the carrying amount were consistent with the perimeter reflected in the Group’s assessment of the value-in-use and the independent valuer’s assessment of fair value less costs of disposal; - evaluating the Group’s value-in-use assessment, including the methodology, mathematical accuracy and significant forecast assumptions; - conducting a retrospective review of the Group’s historical forecasts with actual performance and considering the implications for the reliability of forecast cash flows; - assessing the competence, capabilities and objectivity of the valuation specialist engaged by the Group to provide a fair value assessment; - evaluating the fair value less costs of disposal methodology and significant assumptions, including: - the identification of relevant market participants; - the selection and comparability of benchmark transactions; - sustainable processing capacity and utilisation; - commodity-processing values; - the values attributed to the lactoferrin facility, UHT cream and milk product line, laboratory and farm; and - estimated costs of disposal; - developing and evaluating alternative market-participant scenarios and sensitivities to assess the effect of reasonably possible changes in significant assumptions; and
--	--

The key audit matter How the matter was addressed in our audit

capabilities and estimated disposal costs. The valuation outcome was sensitive to the market-participant and asset-specific assumptions adopted. Given the materiality of the assets and the significant auditor judgement and specialist involvement required to assess Group’s conclusion, this matter required significant audit attention.	assessing the adequacy of the related financial statement disclosures, including the valuation methodology, significant assumptions and estimation uncertainty.
Recoverability of deferred tax assets (DTA)	
Refer to the “Recoverability of tax losses” section within the material events and other significant items note and Note 21 to the consolidated financial statements. The recoverability of deferred tax assets arising from carried-forward tax losses was a key audit matter due to the material amount recognised and the significant judgement required in assessing whether sufficient future taxable profits would be available to utilise those losses. At 31 July 2026, the Group had approximately \$495.6 million of gross New Zealand tax losses available for use against future taxable profits and recognised a deferred tax asset of approximately \$88.3 million in respect of carried-forward tax losses. The Group has a recent history of tax losses. Accordingly, convincing evidence is required to support the recognition of deferred tax assets based on future taxable profits. Management’s assessment considered forecast taxable profits contained within the Group’s Long-Range Plan and the availability of taxable	Our audit procedures included: - evaluating the Group’s deferred tax calculations and recoverability assessment against the recognition requirements of NZ IAS 12; - assessing the amount of carried-forward tax losses available for utilisation and whether the relevant tax continuity and utilisation requirements were met; - challenging the Group’s forecast utilisation of tax losses through future taxable profits; - comparing prior-period forecasts with actual performance to assess the Group’s forecasting accuracy; - considering the consistency of forecast assumptions with those used in the South Island CGU impairment and going concern assessments; - evaluating whether the Group’s recent history of tax losses was appropriately reflected in the level of evidence used to support recognition; - assessing the amount of deferred tax assets supported by taxable temporary differences expected to reverse in future periods; - evaluating the effect of the final milk price accrual and other year-end tax adjustments on the deferred tax position; and - assessing the adequacy of the related disclosures concerning the significant judgement and uncertainty involved in recovering the deferred tax asset.

The key audit matter How the matter was addressed in our audit

temporary differences expected to reverse in future periods.

The Group's forecasting history and the reliance on assumptions also used in the South Island CGU impairment assessment increased the level of audit judgement required in evaluating the recoverability of the deferred tax asset. Given the materiality of the balance and the judgement involved in determining the amount supportable under NZ IAS 12, this matter required significant audit attention.

Other information

The Directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the Shareholders. Our audit work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Ian Proudfoot.

For and on behalf of:



KPMG

Christchurch

28 September 2026

Directory

Registered and Head Office

1028 Heslerton Road
Rakaia, RD13
New Zealand

Contact us

+64 3 373 3000
facilities@synlait.com
[synlait.com](https://www.synlait.com)

You can also follow us on

[LinkedIn](#)

Share register

Computershare Investor
Services Limited
Private Bag 92119
Auckland 1142
Level 2
159 Hurstmere Rd
Takapuna
Auckland 0622
0800 467 335
+64 9 488 8777
enquiry@computershare.co.nz

Auditor

KPMG New Zealand
79 Cashel Street, Level 5
PO Box 1739
Christchurch 8140
+ 64 3 363 5600
home.kpmg.com/nz



Some of Synlait's team outside the company's Dunsandel headquarters, celebrating the progress made in operational stability.



NZX: SML
ASX: SM1

28 September 2026

Synlait reports FY26 result: operational recovery drives a stronger second half

Synlait Milk Limited (Synlait) today announced its financial results for the 12 months ended 31 July 2026 (FY26). The result reflects a difficult first half, followed by a second half in which a return to operational stability flowed through to improved financial performance.

Synlait Chair George Adams said: "This was another difficult year for Synlait financially. Our first-half performance was affected by the impacts and costs of the 2025 manufacturing challenges. Achieving operational stability drove an improvement in the second half."

"Like the repairs to the company's liquidity, balance sheet and milk supply, achieving operational stability was critical to Synlait's future. Doing so, while completing the North Island assets sale, delivering farmers the second highest milk price in Synlait's history and progressing a deep reset of systems across the business, shows how hard our people are working to turn the company around."

Acting CEO Leon Fung said: "The operational and financial results for the second half show Synlait is making progress, but we are not getting ahead of ourselves. Our focus is on working carefully to ensure Synlait's recovery continues. We have plans to navigate the challenges ahead and rebuild Synlait, with diversified revenue streams, so the company is more resilient and better positioned for the future."

Synlait released a recovery roadmap when it presented its half year result in March 2026. This has three interconnected horizons – Stabilise, Simplify and Scale.

"We have made real progress stabilising and simplifying Synlait, and it is now time to start exploring a strategy to scale for success by maximising returns from our Canterbury assets. We look forward to sharing that strategy in 2027," Mr Adams said.

FY26 results overview

Overall, the FY26 results the company's poor first-half performance.

- Reported EBITDA of \$8.1 million, with underlying EBITDA of \$46.3 million.
- A reported net loss after tax of (\$75.4 million), with an underlying net loss after tax of (\$21.6 million).
- Net debt of \$215.0 million.
- Revenue of \$1.94 billion.
- Gross profit of \$37.7 million.



As a result of year-end processes and the finalisation of the milk price for 2025/26, the EBITDA and NPAT measures above sit slightly outside the range Synlait provided in its August performance update¹.

Synlait's operations recovered in the second half of the year:

- Manufactured in Spec (MIS) rose from 91% in the first half, to 95% in the second half. The metric averaged 99% in August.
- Plan attainment increased from 90% in the first half to 103% in the second.

That operational stability lifted 2H financial performance:

- Reported EBITDA rose from a loss of (\$34.7 million) in the first half to \$42.8 million in the second.
- Reported NPAT lifted from a first half net loss after tax of (\$80.6 million) to a \$5.2 million net profit after tax in the second half.

Near-record milk price for 2025/26

Today Synlait is confirming its final base milk price for the 2025/26 season is \$9.69 per kg of milk solids, with average incentives of \$0.38 per kgMS paid on top. The total average payment to Synlait's farmers is \$10.07 per kgMS.

Synlait's forecast base milk price for the 2026/27 season is \$9.50 per kgMS, not including incentives.

Mr Fung said: "We are very proud to have delivered the second highest milk price in Synlait's history for the 2025/26 season. Synlait's farmers are among the most progressive in New Zealand – particularly when it comes to sustainability. We are grateful for their hard work and ongoing support."

Balance date change

Synlait's balance date for financial reporting is changing from 31 July to 31 December.

The company is now in a five-month transitional period from 1 August to 31 December 2026 (known as TP26). Synlait's audited financial statements for TP26 will include comparative figures for the five-month period to 31 December 2025.

Synlait's next full financial year (FY27) will run from 1 January to 31 December 2027.

Guidance statement

The priorities for TP26 are to maintain the current positive momentum by focusing on operational and quality excellence, optimising product and customer mix and progressing opportunities across Advanced Nutritionals, Ingredients, Foodservice and Consumer channels. The company will also prepare for its first full calendar financial year commencing 1 January 2027.

The transitional period's financial results will be influenced by the timing of production, sales, working capital movements and other seasonal factors that would ordinarily be measured over a full financial year.

¹ NZX Announcement | Performance Update



Given the short and non-comparable nature of TP26, Synlait will not provide quantitative earnings guidance for the five months ending 31 December 2026.

The company will continue to keep the market informed of material developments in accordance with its continuous disclosure obligations.

Results briefing

Chair George Adams, Acting CEO Leon Fung and Chief Financial Officer Andy Liu will present the FY26 result in a webcast at 11.00am (New Zealand time) today.

The webcast can be accessed at <https://synlaitfy26.open-exchange.net/webcast>, and a recording will be available on Synlait's website afterwards.

For more information contact:

Jo Scott
Head of Corporate Affairs and Engagement
P: +64 21 883 123
E: jo.scott@synlait.com



28 September 2026

Synlait announces full year 2026 result

Dear Shareholders,

FY26 was always going to be a defining year.

The sale of our North Island assets in April strengthened Synlait's balance sheet and removed a drag on the company's financial performance, and we expected FY26 to be characterised by stronger financial results.

Instead, FY26 is best defined as the year of Synlait's operational recovery.

Achieving this, while completing the North Island asset sale, delivering farmers the second highest milk price in Synlait's history and progressing a deep reset of systems across the business, shows how hard our people are working to turn the company around.

Like the repairs to Synlait's liquidity, balance sheet and milk supply delivered in FY24 and FY25, achieving operational stability was critical to creating a future where value is returned to you – our shareholders.

The financial results are disappointing but there is evidence of recovery.

The main financial results are:

- Reported EBITDA of \$8.1 million, with underlying EBITDA of \$46.3 million.
- A reported net loss after tax of (\$75.4 million), with an underlying net loss after tax of (\$21.6 million).
- Net debt of \$215.0 million.
- Revenue of \$1.94 billion.
- Gross profit of \$37.7 million.

Synlait

When you compare the first half with the second you can see real improvement.

- The proportion of product manufactured in spec (MIS) improved from 91% in the first half to 95% in the second. The full year average is 93% (up from 88% in FY25). Manufacturing plan attainment rose from 90% to 103%.
- Reported net profit after tax improved from a first half loss of (\$80.6 million) to a second half profit of \$5.2 million, this improvement was aided by a \$26.0 million gain from the sale of our North Island assets.

These numbers show that we delivered operational stability in the second half, which resulted in an uplift in financial performance. The focus now is on maintaining that momentum.

We have addressed the issues that impacted our operations.

This has been achieved through investing in our two most important assets – our people and our plant – while deeply resetting our revenue, operations and quality functions.

As you will read in Acting CEO Leon Fung's review in the Annual Report (linked below), the Executive Leadership Team is taking a holistic view of why Synlait has performed poorly, not just in FY26 but historically. This is about learning from the past.

Like all businesses, we have challenges ahead, but we have plans to navigate them. A core focus is diversifying our income streams – by customer, by product and by market – so we are building a more resilient Synlait.

Looking ahead.

Synlait released a recovery roadmap when it presented its half year result in March 2026. This has three interconnected horizons – Stabilise, Simplify and Scale.

We have made real progress stabilising and simplifying Synlait, and it is now time to start exploring a strategy to scale for success by maximising returns from our Canterbury assets. We look forward to sharing that strategy with you in 2027.

As we announced previously, our balance date for financial reporting is changing from 31 July to 31 December. Synlait is now in a five-month transitional period from 1 August to 31 December 2026 (known as TP26). Our next full financial year (FY27) will run from 1 January to 31 December 2027.

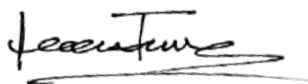
Synlait is not providing earnings guidance for TP26. We are focused on continuing Synlait's momentum so we can deliver value to you, our shareholders, over time.

Thank you for your ongoing support.

Sincerely,



George Adams
Chair



Leon Fung
Acting CEO

For further details on Synlait's FY26 Results click on the links below:

- [Market Announcement](#)
- [Annual Report](#)
- [Investor Presentation](#)

Synlait

A photograph of two men standing in front of a large industrial facility, likely a dairy processing plant. The man on the left is bald and wearing a blue and white checkered shirt under a high-visibility orange vest with the Synlait logo. The man on the right has short brown hair and is wearing a dark jacket under a similar high-visibility orange vest. They are both wearing blue jeans and black boots. In the background, there are several large white tanker trucks with pink and white Synlait logos parked in a lot. The facility itself has a large black building and a white building with a blue door. The ground is paved and has some yellow and pink markings.

Synlait

Full Year Results Investor Presentation

For the 12 months ended 31 July 2026

Looking back | First half performance

The series of challenges that impacted HY26.

Three core issues affected HY26



**Manufacturing
plan adjustments**



**Lower Ingredients
returns**



**Deferred
tax assets**

> Financial performance impacted



(\$34.7M)
Total group EBITDA



(\$80.6M)
Total group NPAT



\$472.1M
Net debt¹

> The roadmap to recovery



**Fix the
fundamentals**



**Reduce complexity
with focus on
Dunsandel**



Accelerate growth

¹ Due to the seasonal nature of operations, Synlait's working capital requirements are typically higher at half year, often resulting in higher net debt.

Progressing Synlait's recovery roadmap

Actions delivered to stabilise and simplify Synlait since HY26.



Operations and assets

- Optimised production planning to enable consistent execution for current season.
- Completed the sale of our North Island assets and refocused on Dunsandel.
- Strengthened frontline leadership to deliver more visible and disciplined execution across all plants.
- Uplifted the reliability of key lines.
- Completed 17 major projects during winter shut to strengthen long-term asset stability.
- Installed hot wash bay, new redlines and air showers, HVAC systems and x-ray unit.
- Delivered preventative maintenance across critical plants.



Quality

- Strengthened protocols and processes to align with evolving regulatory expectations in key markets, including China.
- Improved processes and testing to reduce out of spec events.
- Embedded a company-wide food safety culture, Synlait Care.
- Delivered operational improvements through named quality leaders, including stronger FDA compliance positioning and expanded 24/7 quality coverage.
- Achieved accreditation for cereulide testing — the first independent laboratory in New Zealand to do so.



People

- Embedded the Synlait Spirit framework.
- Strengthened learning and development programme, with clear guidance on accountability and conduct.
- Uplifted leadership capability.
- Refreshed engagement survey approach.
- Introduced new performance management system.
- Launched health, safety and wellbeing strategy.
- Enhanced critical risk assurance framework.
- Reviewed emergency management protocols.



Revenue

- Reset the revenue function with strengthened business development unit to support diversified, sustainable growth.
- Broadened the infant formula customer pipeline across more international markets.
- Prioritised Advanced Nutrition growth aligning it with capacity, value, capability, and reliable delivery.
- Advanced value growth opportunities through targeted development of finished wellbeing and adult nutrition products.
- Reviewed ingredients specifications to reduce manufacturing complexity, and strengthen pricing discipline.
- Strengthened the foundation for recovery by aligning growth with capability and profitability.

Synlait's operations stabilised in the second half

	1H FY26	2H FY26	FY26 average	FY25 average	Year-on-year improvement
Manufactured in spec (MIS)	91%	95%	93%	88%	+5 pts
Production plan attainment	89.7%	102.6%	95.5%	91.7%	+3.8 pts

Operational stability helped improve 2H financial performance

	1H FY26	2H FY26 ¹	FY26	Half-on-half growth
Reported EBITDA	(\$34.7m)	\$42.8m	\$8.1m	+\$77.5m
Underlying EBITDA	\$4.1m	\$42.2m	\$46.3m	+\$38.1m
Reported NPAT	(\$80.6m)	\$5.2m	(\$75.4m)	+\$85.8m
Underlying NPAT	(\$27.3m)	\$5.7m	(\$21.6m)	+\$33.0m

¹ Figures influenced by the sale of North Island assets.

Results at a glance

▼ \$42.6M

\$8.1M

Total group EBITDA

▼ \$60.9M

\$46.3M

Total underlying group EBITDA¹

▼ 14%

\$215.0M

Net debt²

▼ \$348.8M

(\$183.3M)

Operating cash flow

▼ \$35.6M

(\$75.4M)

Total group NPAT

▼ \$22.4M

(\$21.6M)

Total underlying group NPAT¹

▲ 6%

\$1.94B

Total group revenue

▼ 64%

\$37.7M

Total group gross profit

Results include North Island operations, unless otherwise stated³

FY26 milk price

\$9.69

Base milk price

+

\$0.38

Average Synlait
milk incentive⁴

=

\$10.07

Synlait total average
milk payment

All comparisons are against FY25.

¹ Underlying figures exclude North Island operations and gain on sale from North Island assets.

² Net debt includes cash, bank debt, transaction costs, and the shareholder loan from Bright Dairy; it excludes lease liabilities.

³ The financial statements include both continuing and discontinued operations, with appropriate classification and disclosure. This will result in differences in the figures presented in this presentation.

⁴ This comprises Lead With Pride, winter milk, secured milk, A1 protein free and customer sustainability premiums. Customer Sustainability Partnership incentives of \$1.5m were paid in April 2026, and were for the FY25 season.

Financial Performance

Andy Liu, CFO



Synlait's FY26 result

Operational and commercial pressures shaped FY26, with improved stability supporting second-half progress.

Volume

Consumer and Foodservice volume growth more than offset lower Advanced Nutrition delivery.

Price and product mix

Relatively lower-margin Advanced Nutrition sales and unfavourable Ingredients mix, partly offset by increased Foodservice pricing.

Cost

Operational disruption reduced fixed-cost recovery and increased manufacturing and milk transport costs. Higher milk price premiums also contributed. Quality costs, although improved, remained high. Performance improved through the second half.

Other margin and income

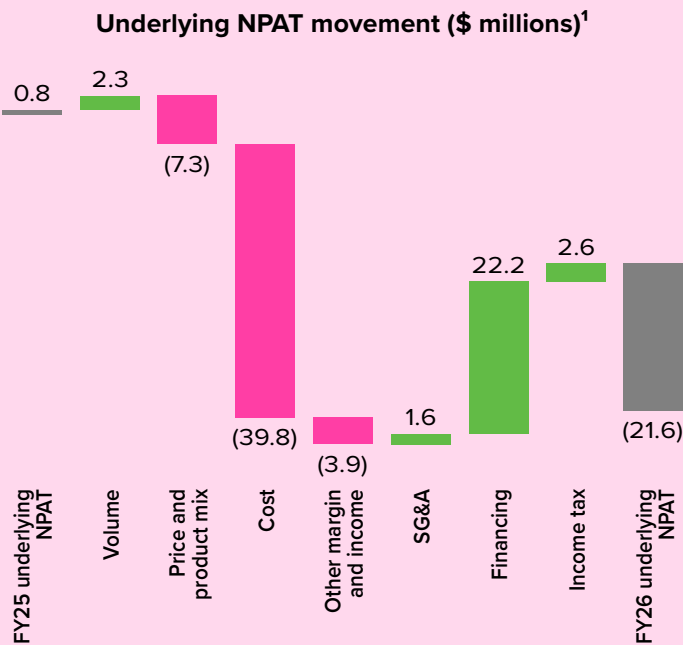
Predominantly unrealised FX losses from year-end exchange rate movements, partly offset by Abbott TSA income.

SG&A

Continued cost discipline delivered \$1.6 million of savings in SG&A. The closure of the Palmerston North office, a leaner leadership team and commercial structure, together with tighter expenditure controls reduced the cost base. This was achieved despite inflation and oil-related cost pressures, while maintaining targeted investment in our people, systems and core capabilities.

Financing costs

Despite negative operating cash flow, financing expenses reduced through improved bank pricing, lower base rates, lower debt following the North Island sale and the introduction of lower-cost CNH funding.



Reconciliation of reported to underlying EBITDA & NPAT (\$ millions)

	FY25	FY26
Reported EBITDA	50.7	8.1
Adjustments and discontinued operations ²	56.5	38.3
Underlying EBITDA	107.2	46.3
Reported NPAT including North Island	(39.8)	(75.4)
Adjustments and discontinued operations ²	(40.6)	(53.8)
Underlying NPAT	0.8	(21.6)

Main FY26 adjustments (\$ millions)

Tactical raw milk sales	37.0
Third-party manufacturing	12.6
Input material losses	9.6
One-off milk incentive	6.4
North Island gain on sale	(26.0)

¹ Underlying NPAT movements are displayed excluding the North Island.

² Further details can be found in the appendix.

Business unit revenue and performance

Advanced Nutrition

Revenue decreased 1%, driven by a year-on-year reduction in lactoferrin volumes and infant volumes produced exclusively in the North Island.

Gross profit declined 78% driven by:

- Operational disruption and production plan changes reduced manufacturing efficiency.
- Enhanced quality controls affected short-term production efficiency.
- Catch-up production increased manufacturing costs.
- Lower lactoferrin production and sales reduced contribution due to raw milk sales

Ingredients

Revenue down 15% to \$574.7m because of lower volumes through the year.

Gross profit down 26% to \$9.7m driven by:

- Peak season capacity constraints shifted production towards whole milk powder when stream returns were unfavourable.
- Frequent production plan changes forcing commodity sales phasing into weaker spot markets, limiting Synlait's ability to achieve positive stream returns.
- There were some offsetting tailwinds through the back end of the financial year, with a higher proportion of SMP/AMF sales with positive relative stream returns.

Consumer

Revenue is up 32% due to Dairyworks growth and an increase in commodity prices.

Gross profit up 32% to \$51.7m driven by:

- Growth across export and private-label channels.
- Good butter price achievement.
- Improved manufacturing recoveries and inventory management.

Foodservice

Revenue increased 62% as growth continued across overseas UHT cream markets. Foodservice delivered its first full year of positive gross profit, improving by \$15.6m to \$11m, driven by:

- Volume growth 43%.
- Increased pricing achieved with key customers.
- Fat prices softening in FY26, positively impacting margins.
- New branded product launched in China.
- Expansion across key Southeast Asian markets.

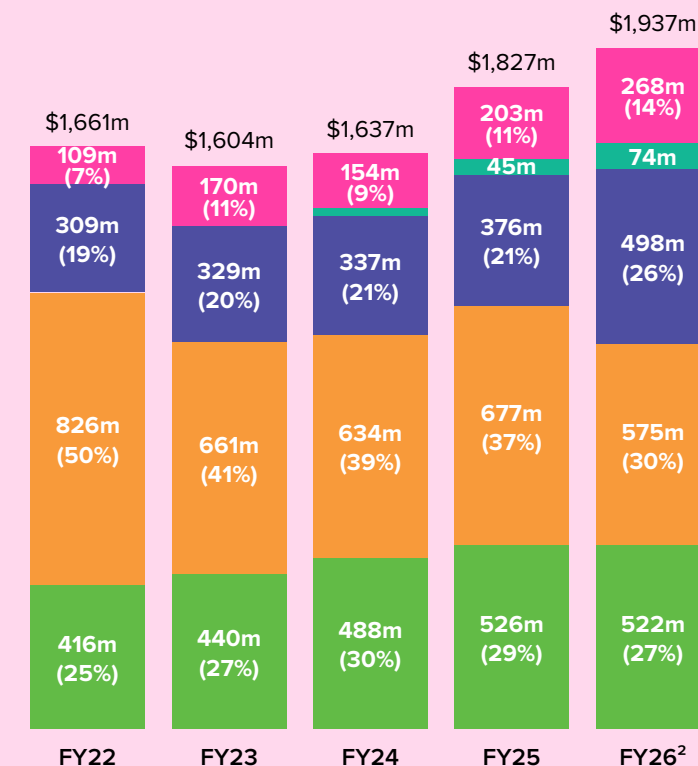
Other

Revenue up 32%, reflecting tactical raw milk sales to manage surplus milk and manufacturing capacity.

¹ FY23 and FY24 total revenue includes a minor Foodservice revenue component that is not separately illustrated on the graph.

² These FY26 numbers have been stated inclusive of the North Island to improve comparability on this page.

Business unit revenue including North Island¹



Underlying business unit performance including North Island

Gross Profit (\$ millions)	FY22	FY23	FY24	FY25	FY26 ²
Advanced Nutrition	108.8	80.7	73.9	95.0	20.9
Ingredients	28.8	26.4	(13.5)	13.1	9.7
Consumer	19.9	27.5	30.6	39.0	51.7
Foodservice	-	(4.3)	(5.4)	(4.6)	11.0
Total	157.4	130.4	85.6	142.5	93.3

North Island discontinued operations vs continuing operations

The divestment of the North Island assets has been successfully completed, simplifying Synlait's operations and improving efficiency.

\$ million	FY25 Reported including North Island	FY25 Reported Continuing Operations	FY25 North Island Reported	FY26 Reported including North Island	FY26 Reported Continuing Operations	FY26 North Island Reported
Revenue	1,827.4	1,590.2	237.3	1,936.7	1,682.3	254.4
Gross profit	105.3	111.4	(6.0)	37.7	32.7	5.0
Other income	14.0	9.5	4.5	13.1	11.2	1.9
Sales and distribution costs	(58.3)	(48.5)	(9.8)	(51.7)	(44.6)	(7.1)
General and administration costs	(67.4)	(54.5)	(12.9)	(62.9)	(55.0)	(7.8)
Gain on sale of North Island assets	-	-	-	26.0	-	26.0
EBIT	(6.3)	17.9	(24.2)	(37.8)	(55.7)	17.9
Net financing costs	(48.0)	(40.1)	(7.9)	(29.5)	(25.8)	(3.7)
NPBT	(54.4)	(22.2)	(32.2)	(67.3)	(81.5)	14.2
Income tax	14.5	5.5	9.0	(8.1)	(10.0)	1.9
Reported NPAT	(39.8)	(16.7)	(23.1)	(75.4)	(91.5)	16.1
Depreciation	57.0	40.5	16.5	45.9	41.3	4.5
Reported EBITDA	50.7	58.4	(7.7)	8.1	(14.3)	22.4
<i>EBITDA % of revenue</i>	2.8%	3.7%	(3.2%)	0.4%	(0.9%)	8.8%

North Island assets were fully integrated into Synlait's operations. A structured allocation model provides indicative site-level performance based on management assumptions.

Utilisation of these assets improved during the eight months prior to sale compared with FY25, reflecting higher production volumes as Synlait addressed the impact of FY25 manufacturing challenges. This temporary increase in activity reduced the level of operating losses but did not change the historically loss-making position of the North Island operations.

FY26 North Island results displayed include \$26.0m gain on sale of North Island assets, and the associated tax benefit of \$1.9m. Without this, North Island results remain loss making.

Cash flow and net debt

Operating cash flows

Operating cash flows decreased by \$348.8m year-on-year due to:

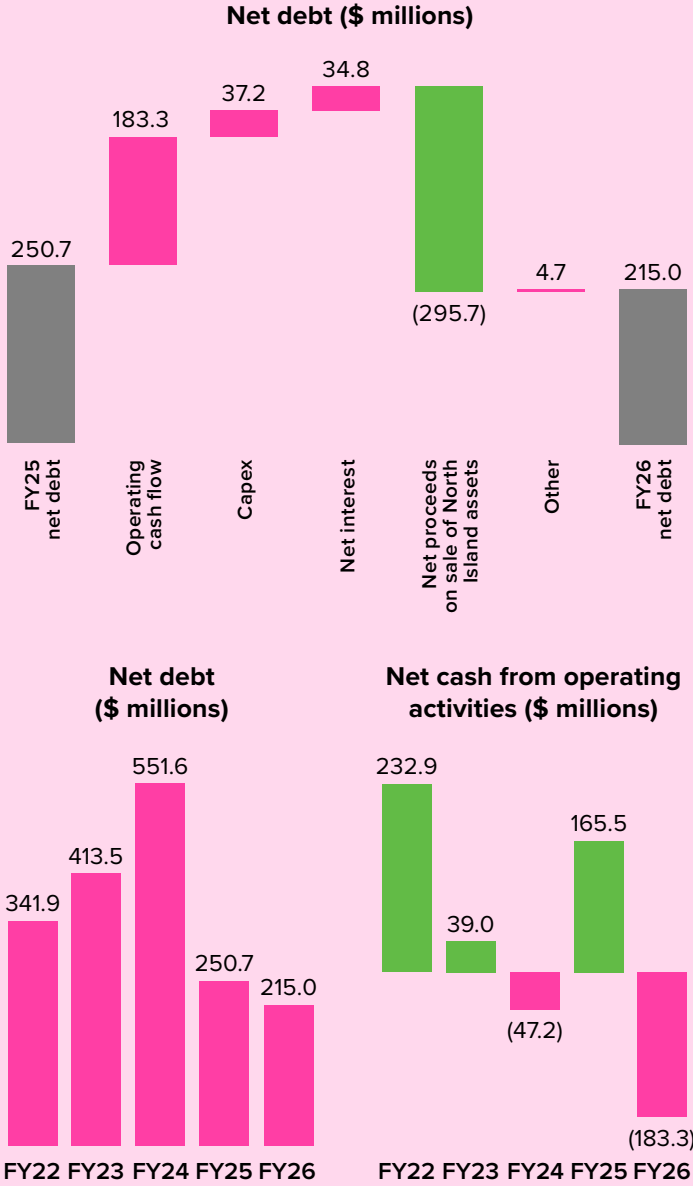
- Weaker operating performance.
- Higher receivables, including tactical milk sales remaining to be collected.
- Changes in customer demand and sales mix that increased working-capital requirements.
- Higher inventory to support customer delivery and business growth.

Investing cash flows

- Cash inflows from sale of North Island assets of \$295.7m.
- Net cash outflows from investing activities increased by \$12.4m compared to the prior year, reflecting targeted investment to ensure the Dunsandel facility is well-positioned to support future growth and operational excellence.

Net debt

- North Island assets sale proceeds strengthened the balance sheet and reduced net debt to \$215.0m. The focus now is converting operational progress into cash generation and further debt reduction.



Business Update

Leon Fung, Acting CEO





Advanced Nutrition

This strategic product category delivers high-value, formulated products in bulk and consumer-ready formats, tailored to all ages – from early life to adult nutrition.

FY26 business achievements

- Built a structured business development pipeline to support diversification beyond major existing customers.
- Secured signed purchase orders from a new Middle Eastern infant nutrition customer for commercial supply commencing in 2027. This is a significant opportunity for Synlait with potential to scale.
- Maintained commercial momentum with a strategic Southeast Asian infant nutrition customer despite historical manufacturing constraints.
- Strengthened the Business Development function within the Revenue Office.
- Commercialised Nutrabase™, creating a new platform for adult nutrition products, generating multiple private-label opportunities, and validating demand across Southeast Asia.
- Implemented a structured opportunity pipeline and stage-gate process.
- Established Project Lotus as a specialty nutrition growth platform leveraging high value ingredients such as lactoferrin.
- Developed alternative route-to-market and third-party packing partnerships to accelerate commercialisation and reduce barriers to growth.
- Improved focus on opportunities aligned to capability and margin.
- Advanced specialty ingredients and premium nutrition platforms.

Closing comments

New Middle East customer secured for FY27 commercial supply, with additional Southeast Asian infant nutrition opportunities progressing through validation and evaluation stages. FY26 has been a year of building strong foundations, creating new growth opportunities, and strengthening our position in key markets. Looking ahead, our focus remains on converting this momentum into sustainable growth that will diversify our revenue streams and increase Synlait's resilience.

Future focus areas

Deliver pipeline growth

- Grow Middle East infant nutrition customer contract.
- Secure Southeast Asian infant nutrition opportunities.
- Convert additional Nutrabase™ infant nutrition prospects.
- Grow differentiated offerings incorporating Synlait intellectual property, formulation capability, and access to specialty ingredients.

Scale Nutrabase™

- Drive broader commercial rollout of Nutrabase™ across Southeast Asia through private-label and strategic launch partners.
- Expand from bulk base powder supply into higher value consumer-ready nutrition solutions.

Accelerate growth platforms

- Commercialise specialty supplement offerings.
- Scale specialty ingredient platforms.

Diversify revenue

- Broaden customer and market exposure.
- Expand in Southeast Asia and the Middle East.
- Increase participation in premium nutrition categories.



Ingredients

Synlait's high-quality milk pool and manufacturing capabilities support a flexible Ingredients portfolio spanning milk powders, milk fats and specialty ingredients for global food and nutrition customers.

FY26 business achievements

- Embedded a disciplined value-over-volume approach through enhanced pricing governance, customer profitability modelling, and strengthened sales policy controls.
- Progressed portfolio simplification and specification rationalisation to reduce complexity, improve manufacturing efficiency, and support stronger returns.
- Increased commercial optionality through enhanced sales phasing, hedging, and risk-management capability.
- Strengthened integration between market intelligence, commercial planning, and manufacturing to improve responsiveness and customer service.
- Advanced higher-value ingredient opportunities leveraging Synlait's infant-formula-grade manufacturing capability, quality credentials, and grass-fed milk supply.
- Leveraged existing customer relationships to support growth opportunities across both Ingredients and Advanced Nutrition portfolios.

Closing comments

FY26 performance was significantly impacted by manufacturing instability and an unfavourable product mix. With operational stability achieved, our focus is now shifting to extracting greater value from available milk through pricing discipline, portfolio optimisation, customer diversification, and higher-value ingredient opportunities.

Future focus areas

- Drive earnings growth through disciplined pricing, premium capture and optimised customer, product and channel mix.
- Align demand with manufacturing capability by simplifying specifications and prioritising attractive, executable opportunities.
- Increase utilisation of Synlait's infant-formula-grade manufacturing capability to support premium ingredient returns.
- Accelerate participation in higher-value infant-grade and differentiated ingredient opportunities.
- Develop customer-led technical, formulation, and supply solutions that strengthen strategic partnerships and reduce pure commodity exposure.
- Expand participation in Southeast Asia and Middle East growth markets where demand for premium dairy ingredients continues to increase.



Foodservice

Manufactured from our certified grass-fed milk pool, Synlait's UHT cream delivers increased stability and is sold for out-of-home consumption in a range of settings – including bakeries, cafés and beverage chains.

FY26 business achievements

- Foodservice delivered its first materially profitable year, supported by 43% volume growth, improved pricing and broader geographic market penetration.
- Expanded Synlait's Foodservice footprint across Southeast Asia, including growth in the Philippines and Indonesia.
- Expanded Synlait's Shanghai office, increasing capacity to support customers, accelerate growth and strengthen market presence in China.
- Improved profitability through price increases, distribution expansion and stronger margin performance across the portfolio.
- Launched Synlait-branded UHT whipping cream products in China, establishing a new platform for future brand growth.
- Secured a new customer-owned brand manufacturing partnership, broadening routes to market and contributing to FY26 volume growth.
- Restructured the sales and marketing team to support growth and strengthen distributor and end-user management.
- Continued customer activation through bakery festivals, industry events and market engagement.
- Used Synlait's high-quality milk pool, farmer relationships and grass-fed certification to strengthen customer confidence and market differentiation.
- Maintained strong product performance across stability, taste, whipping yield and suitability for applications using acidic fruits.

Closing comments

With continued momentum in UHT volumes, a growing customer base, and a clear market focus, Foodservice is well positioned to deliver sustainable growth and strengthen Synlait's presence in key international markets in FY27.

Future focus areas

- Continue growing Foodservice volumes and market share while maintaining profitable returns.
- Continue expansion across Southeast Asia and priority international markets through Synlait's growing distributor and customer network.
- Build on the launch of Synlait-branded UHT cream in China and expand branded offerings into additional priority markets.
- Expand wallet share with key customers through a broader Synlait product portfolio.
- Explore opportunities to provide Ingredients products through Foodservice customer channels while maintaining a coordinated global approach.
- Continue building sales and marketing capability to support sustainable growth and strong customer service.
- Increase digital and brand engagement through enhanced business-to-business communications, local market platforms and the WeChat channel.
- Leverage Synlait's product quality, grass-fed certification and New Zealand provenance to strengthen differentiation in premium Foodservice markets.



Consumer

A range of fresh milk, butter, cream and cheese products produced and sold under the Dairyworks, Rolling Meadow, Alpine, Pams and Value brands.

FY26 business achievements

- Material volume growth (over 5,000 MT vs. FY25) in cheese shipped to Australia across key accounts including Woolworths and Costco in addition to new demand in to the Australian Foodservice channel.
- Dairyworks brands (Alpine, Dairyworks and Rolling Meadow) continue to drive category growth momentum delivering 10.9% volume growth and 16.6% value growth in the latest MAT, outperforming other natural cheese brands.
- Dairyworks' portfolio is driving 100% of the Natural Cheese segment growth and is offsetting volume declines across competitor and private label brands.
- More than 55% of Dairyworks' growth is being driven by value added segments (grated, slices and snacking), demonstrating the continued shift towards convenient higher value formats in the category.
- Innovation is a key contributor to Dairyworks performance. The recently launched Dairyworks Protein range (the first protein cheese in the New Zealand market) has already contributed 50% of total Natural Cheese Snacking segment growth having only been in the market since June. Dairyworks is also bringing new users into the value add segments – with over 57% of new Dairyworks American style Colby Jack Cheese Slice sales coming from new shoppers entering the slice segment.
- Talbot Forest continues to be the fastest growing speciality cheese brand in NZ Grocery (17.6% volume growth and 19.5% dollar growth) according to the latest MAT versus a year ago. Talbot Forest is now also the largest Yellow Speciality Cheese brand in the market.
- Costco continues to be a significant growth channel, increasing by 133% YOY, driven by Dairyworks and Alpine products which are sold across both New Zealand and Australia. Growth is set to continue with new snacking innovation launching in October 2026.
- Tested the China market with a small range of products for selected convenience stores (7 Eleven and Lawson) launching in October 2026. Further opportunities under the Dairyworks brand are being explored.
- A refreshed Dairyworks brand and product range will launch across Southeast Asia in October 2026. The new bespoke range of smaller pack formats is designed to specifically meet the needs of the consumer in the ever-evolving Asian market.
- Launched Burtfields Butter brand with US butter into Foodstuffs stores nationwide, with volumes selling out in record time and bringing lapsed consumers back into the butter category at a time where cost of living pressures continue to put pressure on the overall category performance.

Future focus areas

- Implementation of Project Hedgehog over the December-January period (a significant capital spend driving greater efficiency into the plant).
- Further incremental volume growth via expansion in Australia and Southeast Asia markets.
- New Product Development focused on meeting the consumer need in the selected export markets.
- Optimisation focus throughout our operation and supply chain.

Closing comments

With strong brands, a growing pipeline of innovation, and opportunities to expand into new markets and value-added categories, Dairyworks is well positioned to continue driving growth, strengthening market leadership, and delivering sustainable value for the business.

Milk Supply

Our farmer relationships are fundamental to Synlait's success and provide the foundation for delivering high-quality milk products, supporting sustainable growth, and creating shared value across the supply chain.

FY26 business achievements

- Delivered farmers the second highest milk price in Synlait's history of \$10.07 per kgMS (including incentives).
- Paid market leading incentives over and above base milk price of an average of \$0.38 per kgMS.
- Strengthened trust and engagement with farmer suppliers and rural professionals.
- Paid a new customer-funded incentive of \$0.02 per kgMS for customer sustainability partnerships focussed on GHG reductions, projected growth to \$0.04 in FY27.
- Digitised the milk collection process which has enabled real-time tanker arrival times for farmers.
- Continued Synlait's Whakapuāwai's on-farm biodiversity project with more than 385,000 native plants now distributed across Canterbury.
- Continuously improved existing on-farm programmes and extended the support available to farmers.
- Built stronger, more connected relationships between farmers and the on-farm support team.
- Strengthened Synlait's value proposition, through leading on-farm support, and deepening farmer engagement.

Future focus areas

- Continue to grow customer sustainability partnerships, by engaging new customers and farmers.
- Further progress the digital offering.
- Continue to lift on-farm support.
- Continue investing in new farm programmes that deliver value to farmers, customers and Synlait.

Closing comments

The success of our business starts with the strength of our farmer relationships. By continuing to collaborate, we create long-term value and ensure a successful future for farmers and Synlait alike.

Looking ahead

“We love being part of Synlait. The company has always taken a leading approach to sustainability and it’s great to work alongside other farmers who share those values.”



Rory, Vuyo, Gavin and Kylie Bay from Bluff Farm in North Canterbury.

Maintaining momentum

The next steps in delivering Synlait's recovery roadmap.



Operations and assets

- Continue the delivery of this season's simple production plan.
- Continue embedding clear accountability across line teams.
- Accelerate capability building for shift leaders and operators on the floor.
- Maintain momentum on quality improvements, with ongoing education, coaching, and procedure refinement.
- Continue leadership development across all levels of operations.
- Strengthen asset care practices and build operator capability to identify and flag defects early.
- Deepen the integration of support functions (maintenance, process technical, quality) with manufacturing teams.



Quality

- Recruitment of a new Chief Quality Officer to lead the next phase of Synlait's quality transformation.
- Continue building capability across the Quality team through training, coaching, and clearer expectations.
- Continue driving down total cost of quality to reduce losses and improve bottom line impact.
- Strengthen root cause analysis to identify quality issues and implement sustainable solutions.
- Progress capital investment to maintain export access to key markets, and reduce regulatory risk.
- Complete construction of the quasi-clean warehouse.



People

- Continue leadership development for aspiring and senior leaders.
- Strategic resourcing for key talent pools.
- Redefining Synlait's employee value proposition.
- New onboarding process and programme.
- Critical learning development for operations and SAMR registration.
- Embed Synlait Safe mindsets in leadership and frontline routines.
- Assign critical-control ownership, establish verification schedules and commence routine assurance.



Revenue

- Delivering the strategy for the Scale horizon of our recovery roadmap.
- Streamline the revenue function to enhance how it identifies opportunities, makes commercial decisions and delivers for customers.
- Continue the strategic diversification of revenue streams across customers, markets and our position in the value chain.
- Explore identified demand and its potential to grow.
- Optimise customer demand and customer mix to create a product portfolio aligned to maximum returns from current plant capability and milk pool.

Key focus areas

Synlait has plans to navigate any challenges ahead.

Focus area	Activity
Operational excellence	Continue focus on deepening frontline capability to ensure Synlait maintains stability and delivers continuous operational excellence.
Leadership and strategy	Maintain strength of executive team through appointment of new Chief Quality Officer and permanent CEO. Deliver reset strategy to scale growth from Dunsandel site in 2027.
a2MC volume shift to Pōkeno	Synlait's reset Revenue Strategy is driving business development with a pipeline of customers to backfill this volume by FY28. A new Middle East customer has already been onboarded and we are working with a pipeline of potential customers with annual demand indications significantly higher than the expected capacity resulting from the volume shift.
Revenue	New Revenue Strategy to diversify Synlait's income streams by customer, geography and high-value products across Advanced Nutrition, Ingredients, Foodservice and Consumer categories. A focus on protecting margins and ensuring all commercial arrangements add value for Synlait.
Refinancing our bank facilities	We have a pathway to reduce net debt ahead of the refinancing of Synlait's banking facilities which mature in 2027. We are actively working with our syndicate and retain its support. We are also well-supported by Bright Dairy with the \$130m shareholder loan now due for repayment in 2028.
China market registration	An experienced cross-functional team has been activated to deliver the successful renewal of regulatory approvals required for Synlait to continue manufacturing infant formula for China. The project is well-planned and on track.
Evolving regulatory and quality requirements	Our strengthened Quality Strategy has uplifted product release checks, testing, cleaning, hygiene and site standards, with 24/7 quality coverage and stronger root cause problem solving. We are actively recruiting for a new Chief Quality Officer.
Stakeholder confidence	Protecting farmer and customer confidence by delivering on Synlait's contractual commitments while adding value through personalised service and deepening partnerships.
Sustainability	Continued focus on supporting best practice dairy farming on our owned and supplier farms and showcasing how Synlait, from day one, has taken a different approach to sustainability than other processors.

Transitional period (TP26) guidance

Synlait's balance date for financial reporting is changing from 31 July to 31 December.

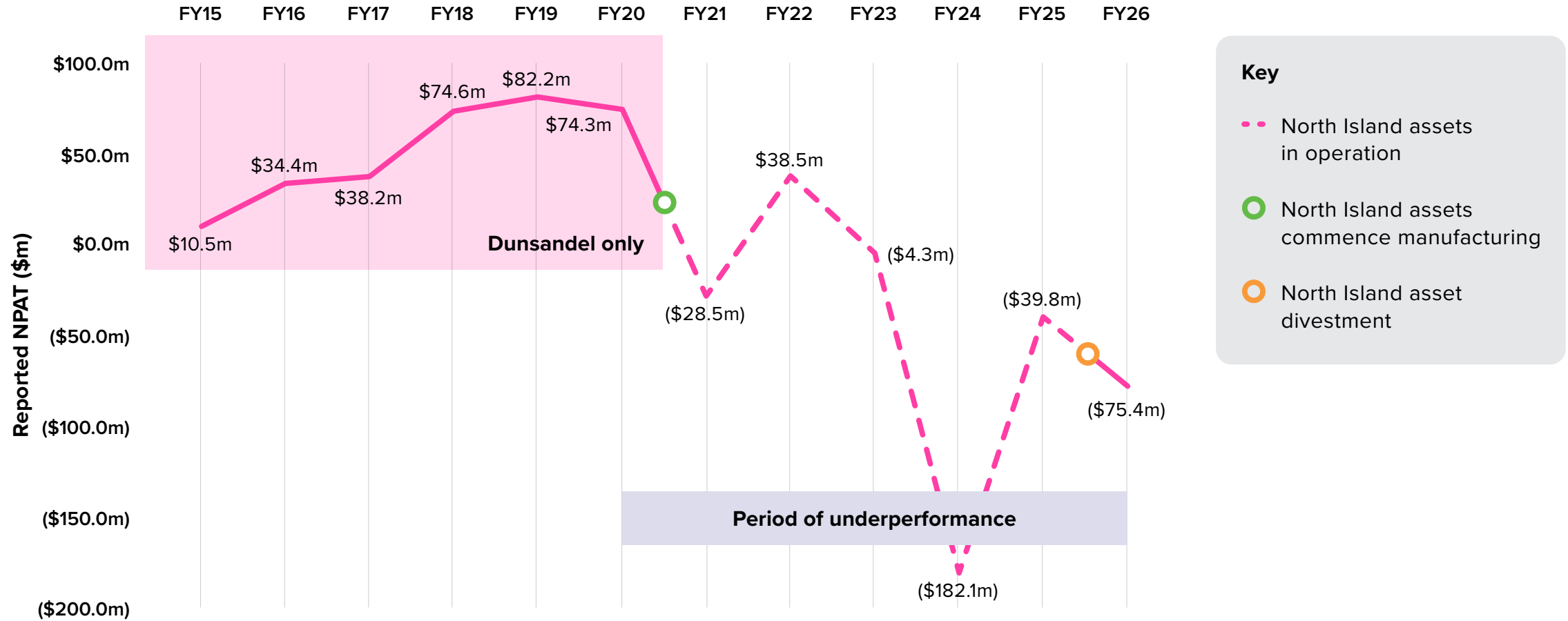
We are now in a five-month transitional period from 1 August 2026 to 31 December 2026, known as TP26.

Synlait is still in a recovery phase and TP26 will be influenced by the timing of production, sales, working capital movements and other seasonal factors.

Given the short and non-comparable nature of the transitional period, Synlait is not providing guidance for TP26.

An important reminder of Synlait's potential

Historically, Synlait's financial performance was strongest when it was a South Island focused business.

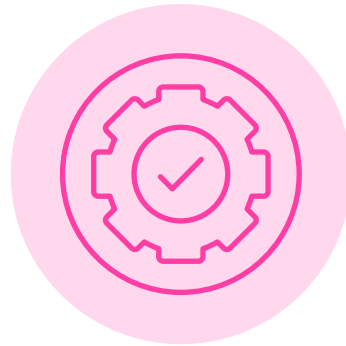


Key takeaways | Synlait is stronger, streamlined and more resilient



2H turnaround delivered

Underlying EBITDA \$42.2m in 2H versus \$4.1m in 1H.



Operational recovery achieved

Our focus is now on delivering continuous excellence.



Simpler and stronger business

North Island assets sold, net debt \$215m and refinancing achieved.



Revenue diversification is underway

New Middle East customer onboarded with pipeline of others being progressed.

We are well placed to progress our recovery

Appendices



North Canterbury farmer Louise Bailey and son Blake planting a native tree during Synlait's Family Day in May.

Key financial metrics including North Island

Key financial metrics ¹					
Currency as stated (in millions)	FY22	FY23	FY24	FY25	FY26
Income statement					
Revenue	1,661	1,604	1,637	1,827	1,937
Gross profit	147	144	56	105	38
EBITDA ²	132	91	(4)	51	8
EBIT ²	65	31	(183)	(6)	(38)
NPAT	39	(4)	(182)	(40)	(75)
Net cash from/(used in) operating activities	233	39	(47)	166	(183)
Balance sheet					
Capital employed	1,090	1,204	1,156	1,040	923
Net operating assets ³	995	1,205	1,125	1,008	862
Return on net operating assets	6%	3%	(16%)	(1%)	(4%)
Net return on capital employed (pre-tax)	6%	3%	(15%)	(1%)	(4%)
Debt/debt + equity (excl. derivatives)	30%	34%	47%	24%	23%
Net debt/EBITDA ⁴	3x	5x	(133x)	5x	27x
Earnings per share	18c	(2c)	(83c)	(7c)	(13c)
Average FX conversion rate (NZD:USD)	0.6732	0.6446	0.6268	0.5963	0.5938
Base milk price	9.30	8.22	7.83	10.16	9.69
Total milk price (kgMs)	9.59	8.49	8.11	10.66	10.07

Figures are for the year ended 31 July. Figures do not include adjustments unless otherwise stated (marked 1).

¹ The group uses several non-GAAP measures when discussing financial performance. Management believes these measures provide useful insight on the performance of the business, to analyse trends and to assist stakeholders in making informed decisions.

² EBIT is calculated by excluding financing costs and income tax, with EBITDA also excluding depreciation, amortisation, and non-cash impairment accordingly.

³ Net operating assets includes current assets, property, plant, and equipment, right-of-use assets, and intangible assets. It deducts trade payables and excludes capital work in progress, derivative balances, loans and borrowings, goodwill, and tax balances.

⁴ Net debt calculation excludes lease liabilities.

Synlait's FY26 result

Reconciliation of reported to underlying EBITDA & NPAT (\$ millions).

	FY25	FY26
Reported EBITDA	50.7	8.1
Items affecting comparability		
Onerous contract expense on North Island milk sales ¹	4.7	-
Costs relating to power outage	5.6	-
Insurance proceeds net of claim preparation costs	-	(6.4)
One-off milk incentive	-	6.4
Manufacturing challenges ²	43.5	1.4
Losses relating to tactical raw milk sales	-	37.0
Cost related to third party manufacture to clear customer order backlog	-	12.6
Losses relating to input material	-	9.6
North Island divestment transaction cost	2.7	-
North Island discontinued operations	-	3.6
Gain on sale of North Island assets	-	(26.0)
Total EBITDA adjustment	56.5	38.3
Underlying EBITDA	107.2	46.3
Reported NPAT including North Island	(39.8)	(75.4)
Reported tax expense	14.5	(8.1)
Reported NPBT including North Island	(54.4)	(67.3)
EBITDA adjustments as above	56.5	38.3
North Island discontinued operations ITDA	-	6.3
Underlying NPBT	2.1	(22.7)
Tax at 28%	(0.6)	6.4
Other tax expense	(0.8)	(5.2)
Underlying NPAT	0.8	(21.6)

¹ Related to Synlait ceasing North Island milk collection, with the existing contracted farms' milk collected and processed by Open Country Dairy. Part of the loss results from Synlait's committed 5 cents one-off incentive for 2024/2025 dairy season.

² Related to resolved manufacturing challenges which resulted in additional one-off costs.

Underlying gross profit by business unit including North Island

		Advanced Nutrition	Ingredients	Consumer	Foodservice	Total
FY26	Production volume (MT)	45,294	82,960	59,711	12,135	200,099
	Revenue (\$ millions)	522	575	498	74	1,669
	Gross profit (\$ millions)	20.9	9.7	51.7	11.0	93.3
FY25	Production volume (MT)	39,997	107,519	56,100	8,471	212,087
	Revenue (\$ millions)	526	677	376	45	1,624
	Gross profit (\$ millions)	95.0	13.1	39.0	(4.6)	142.5
% change	Production volume (MT)	13%	(23%)	6%	43%	(6%)
	Revenue (\$ millions)	(1%)	(15%)	32%	62%	3%
	Gross profit (\$ millions)	(78%)	(26%)	32%	n.m.	(35%)

Figures are for the year ended 31 July. Figures do not include adjustments unless otherwise stated (marked 1).

Debt facilities and banking covenants

Synlait refinanced its banking facilities on 30 June 2026, with nine banks in the syndicate. The refinance was fully executed on 30 June 2026.

Synlait's revised syndicated bank facilities are with ANZ, China Construction Bank, Bank of China, HSBC, Bank of Communications, Industrial and Commercial Bank of China, Shanghai Rural Commercial Bank, China Merchants Bank and Bank of Beijing.

The new bank funding arrangements total NZ\$320 million and comprise of:

- a secured overdraft facility of NZ\$15 million.
- a secured seasonal working capital A of NZ\$53 million.
- a secured seasonal working capital B of NZ\$30 million.
- a secured seasonal working capital C of NZ\$63 million.
- a secured term loan facility A of NZ\$12 million.
- a secured term loan facility B of NZ\$65 million.
- a secured term loan facility C of NZD/CNH of NZ\$3 million.
- a secured term loan facility D of NZ\$24 million.
- a secured term loan facility E of NZ\$15 million.
- a secured NZD/CNH facility of NZ\$15 million.
- a secured NZD/CNH facility of NZ\$25 million.

The seasonal working capital facilities, term loan facility A, term loan facility C and both NZD/CNH A and B facilities mature on 30 June 2027 and include extension options exercisable by the relevant lenders. The aggregate limits under the seasonal working capital facilities reduce to NZ\$86 million from 1 March 2027 and NZ\$26 million from 1 June 2027. Certain term loan facilities mature 12 months after first drawdown. The overdraft facility is repayable on demand.

Synlait has key financial covenants in place with its banking syndicate.

The key financial covenants are:

- net senior leverage ratio of 3.0x, first tested on 30 June 2027.
- working capital ratio of 1.50x to 28 February 2027 and 1.75x thereafter.
- interest cover ratio of 2.5x for each quarter to and including 30 June 2027 (3.0x thereafter).
- shareholders' funds in excess of NZ\$450 million at all times.
- quarterly minimum EBITDA milestones.

Shareholder loan.

In addition to the above, Synlait entered into a replacement of the \$130 million shareholder loan from Bright Dairy International Investment Limited, a related company of Bright Dairy Holding Limited, for a further 24-month term, maturing July 2028.



Reminder | Balance date change

Synlait's balance date for financial reporting is changing from 31 July to 31 December.

We are now in a five-month transitional period from 1 August 2026 to 31 December 2026. Thereafter, Synlait's financial reporting periods will be for a full twelve months ending on 31 December each year.

Our audited financial statements for the five-month period to 31 December 2026 will include comparative figures for the five-month period to 31 December 2025.

The company is currently working through the approach to reporting for this transitional period and will update the market once final decisions are made.

Disclaimer

This presentation is intended to constitute a summary of certain information about the Synlait Group (“Synlait”) or in connection with its full year 2026 financial results. It should be read in conjunction with, and subject to, the explanations and views in documents previously released to the market by Synlait. This presentation is not an offer or an invitation, recommendation or inducement to acquire, buy, sell or hold Synlait’s shares or any other financial products and is not a product disclosure statement, prospectus or other offering document, under New Zealand law or any other law.

This presentation is provided for information purposes only. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should assess their own individual financial circumstances and should consult with their own legal, tax, business and/or financial advisers or consultants before making any investment decision.

Any forward-looking statements and projections in this presentation are provided as a general guide only based on management’s current expectations and assumptions and should not be relied upon as an indication or guarantee of future performance. Forward looking statements and projections involve known and unknown

risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Synlait, and which are subject to change without notice. Actual results, performance or achievements may differ materially from those expressed or implied in this presentation. No person is under any obligation to update this presentation at any time after its release except as required by law and the NZX Listing Rules, or the ASX Listing Rules.

Any forward-looking statements in this presentation are unaudited and may include non-GAAP financial measures and information. Not all of the financial information (including any non-GAAP information) will have been prepared in accordance with, nor is it intended to comply with: (i) the financial or other reporting requirements of any regulatory body or any applicable legislation; or (ii) the accounting principles or standards generally accepted in New Zealand or any other jurisdiction, or with International Financial Reporting Standards. Some figures may be rounded, and so actual calculation of the figures may differ from the figures in this presentation. Some of the information in this presentation is based on non-GAAP financial information, which does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. Non-GAAP financial information in this presentation has not been audited or reviewed.

Any past performance information in this presentation is given for illustration purposes only and is not indicative of future performance and no guarantee of future returns is implied or given.

While all reasonable care has been taken in relation to the preparation of this presentation, to the maximum extent permitted by law, no representation or warranty, expressed or implied, is made as to the accuracy, adequacy, reliability, completeness or reasonableness of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. To the maximum extent permitted by law, Synlait, its subsidiaries, and their respective directors, officers, employees, contractors, agents, advisors and affiliates disclaim and will have no liability or responsibility (including, without limitation, liability for negligence) for any direct or indirect loss or damage which may be suffered by any person through use of or reliance on anything contained in, or omitted from, this presentation.

All values are expressed in New Zealand currency unless otherwise stated.

All intellectual property, proprietary and other rights and interests in this presentation are owned by Synlait.



Results for announcement to the market		
Name of issuer	Synlait Milk Limited	
Reporting period	12 months to 31 July 2026	
Previous reporting period	12 months to 31 July 2025	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$1,682,291	5.79% increase
Total revenue	\$1,936,666	5.98% increase
Net profit/(loss) from continuing operations	(\$91,545)	449.06% decrease
Total net profit/(loss)	(\$75,440)	89.44% decrease
Interim/Final Dividend		
Amount per quoted equity security	Not proposing to pay dividends.	
Imputed amount per quoted equity security	Not applicable	
Record date	Not applicable	
Dividend payment date	Not applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted equity security (in dollars and cents per security)	\$0.97	\$1.09
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to the following accompanying documents: • Full Year 2026 Annual Report (with financial statements) • Full Year 2026 Investor Presentation	
Authority for this announcement		
Name of person authorised to make this announcement	Acting CEO, Leon Fung	
Contact person for this announcement	Head of Corporate Affairs & Engagement, Jo Scott	
Contact phone number	021 883 123	
Contact email address	Jo.Scott@synlait.com	
Date of release through MAP	28/09/2026	

Audited financial statements accompany this announcement.