Annual Report 2025

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Synlait

Doing Milk Differently For A Healthier World

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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 2025.

An online copy of this Annual Report, and previous annual, interim and sustainability reports, is 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 2025.

The Corporate Governance section of the Annual Report can be found on Synlait's website: synlait.com/investors/corporategovernance-2025/

Sustainability reporting

The report will contain information on Synlait's strategy and initiatives to achieve our sustainability objectives and targets, alongside our climate-related disclosures and greenhouse gas emission inventory. This will be released in November 2025.

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Dunsandel-based farmers Rowan Michael (left) and Gary Michael who sits on Synlait's Farmer Leadership Team.

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Kelvin Phipps, Combi Lift & Reach Stacker Operator, in front of a reachstacker at Synlait Dunsandel.

Chair Review

George Adams



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Dear Shareholders,

Today is a defining moment for Synlait.

While our headline result for the financial year ended 31 July 2025 (FY25) reflects the significant challenges we have faced, we are delighted to announce the entry into a binding conditional agreement to sell our North Island assets to our valued customer, and global healthcare leader – Abbott.

This transaction signals a giant step forward for our company.

It is a positive for us, a positive for Abbott, and a positive for New Zealand, which will benefit from having this global healthcare leader bring its 135 plus years of innovation to our sector.

For Synlait, the divestment will deliver approximately US$178 million (approximately NZ$307 million)[1]. The sale will strengthen the company's financial position, with the proceeds expected to be used to significantly reduce debt.

We are equally pleased Abbott will, at completion, onboard nearly all of those who work at these sites – that is a great outcome.

This valuable reset presents Synlait with a rich opportunity we have not had for some time: to move beyond planning our survival to planning a real and vibrant future.

That is a turning point we have fought hard for and are ready to embrace.

FY25 result

The numbers we are presenting today are less cause for celebration.

To indulge in sporting analogy, this has been a 'year of two halves' for Synlait. We won the first half and celebrated a return to profitability. We knew the second half was going to be harder and signalled progress would be slower as we faced several headwinds.

Those expected headwinds became unexpected turbulence, with manufacturing challenges that disrupted our Dunsandel operations, resulting in FY25 costs of $43.5 million. These came at the worst time for Synlait's recovery which, when you look at the underlying result, was on-track.

To be clear, were it not for these manufacturing challenges, which resulted in one-off costs, our result today would have reflected further progress. Today's underlying bottom line is a net profit after tax of $0.8 million. Here are the signs of encouragement[2]:

- A 55% reduction in our net debt from $551.6 million to $250.7 million. As noted above, the proceeds of the North Island asset divestment are expected to be used to significantly reduce that debt further.
- Improvements in trading performance resulting in FY25 underlying EBITDA increasing by $62 million on FY24.
- A turnaround in our Ingredients business from a loss of $13.5 million to a gross profit of $13.1 million.
- A 29% increase in our Advanced Nutrition business gross profit to $95 million.
- A 92% lift in Foodservice volumes, with improved margins, although further gains are required to deliver profitability. We sold 8.4 million 1-litre bottles of cream last year!
- A 28% uplift in our Consumer business' gross profit to $39 million. This was driven by growth in export markets including entry to Thailand and Vietnam.
- A new record milk price for the 2024/2025 season of $10.16 per kilo of milk solids.

Our resilient people

The Board and I are very grateful that Synlait's people have, through a long period of uncertainty, largely retained their faith in the company and its purpose of *Doing Milk Differently For A Healthier World*.

When we have faced challenges, there has been no shortage of people willing to put their shoulder to the wheel to resolve them.

Two teams, in particular, must be thanked for their efforts this year:

- Those who have negotiated the agreement to sell our North Island assets. Transactions of this size are complex with multiple, often interconnected workstreams. Our inhouse team's and our external advisors' expert navigation of these has been impressive; and
- Our on-farm team who went above and beyond, together with our much-valued farmers, to secure our milk supply for the 25/26 season, and beyond.

Without these achievements, Synlait would not be positioned for success as we are today.

There are more than a few people at Synlait who need a holiday. Thank you all.

Our farmers remain fundamental to our success

Synlait attracts the best farmers. They share our commitment to lead the sector to new levels of best practice.

We are grateful most of our farmers took the opportunity to continue supplying us for the current season and that an additional 11 farms joined our team.

Being able to engage directly with our farmers, is one the joys of being at Synlait.

[1] The sale price is denominated in US dollars, so final consideration is subject to exchange rate movements. Final proceeds will also be subject to completion adjustments, as well as a US$14 million holdback from the purchase price, in case of certain claims under transaction documents, including warranty claims. The holdback is released to Synlait in stages over three years from completion.

[2] All comparisons are to the 12-months ended 31 July 2024 (FY24) and include Dairyworks, unless otherwise specified.

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Many have made it clear we need to continue working hard to retain them in the long-term – we will do so.

While most will welcome today's North Island sale announcement knowing it will assist in delivering performance uplift, I want to acknowledge those North Island farmers who will be disappointed. This transaction closes the door on their future with Synlait in the Waikato.

The end of this season will see us farewell most of our North Island farmers. I want to thank you all for having the bravery to join Synlait. I am looking forward to celebrating the valuable contribution you have made to our company and ensuring we leave each other with pride.

Our supportive shareholders

Synlait's existence today is a credit to each of you who, as shareholders, voted to deliver us $217.8 million in new equity in September 2024. Thank you.

That new equity came courtesy of our two largest shareholders – Bright Dairy and The a2 Milk Company. Both have remained solid supporters of Synlait during FY25.

Bright Dairy has been a loyal and reliable team player at every level of Synlait. We have benefitted from having various experts from their team on the ground in New Zealand over the year. Thanks to each of you – our team has enjoyed working with and learning from you.

The a2 Milk Company's performance continues to inspire – they are now the fourth largest infant formula brand in China. Their dominance in the early stage formula category is especially impressive and lays a solid foundation for further growth.

Synlait's relationship with The a2 Milk Company will change in time, as they transform their supply chain and expand their capability in the world of infant formula processing themselves.

We expect The a2 Milk Company to insource English-label a2 Platinum™ at their new Pōkeno facility, however, we are pleased Synlait will remain the manufacturer of their existing China-label 至初 product. We look forward to continuing our collaboration to support the ongoing growth of this product. This means we will remain important partners who are well-positioned to drive each other's future success, particularly in China.

Our new CEO

May saw us welcome our new CEO, Richard Wyeth.

Richard started amid our aforementioned manufacturing challenges. As a seasoned professional with detailed knowledge of dairy processing, he took the issues in his stride and set about supporting Acting CEO Tim Carter and our executive leadership team (ELT) as they delivered solutions.

Richard shares our Board's confidence that Synlait has a great future ahead. The next 12 months will be critical, and Richard has worked with ELT to define six core focus areas. Known internally as Our Big 6 for '26, these are underpinned with measurable KPIs for himself and, below that, for each of our ELT members.

Uplifting operational stability is at the top of that list – it is core to ensuring Synlait returns to being a very profitable business. You can read more about these priorities in Richard's CEO Report.

Looking to the future

While Richard is getting the house in order, your Board's eyes are on the horizon.

We are farewelling Independent Director Paul Washer, whose contribution, leading the Audit and Risk Committee during a defining and difficult period, is sincerely appreciated.

All of our Directors have been through a prolonged period of firefighting. Last year was focused on delivering a stay of execution for Synlait, this year's focus has been on further strengthening the balance sheet.

The Board has had to be short-term in our thinking as we resolved the balance sheet issues that were holding Synlait hostage. Now we are nearly free from those, we have clear air to carefully and strategically explore a wide array of opportunities for the company's future.

As I said earlier, this is a position of stability that Synlait has not enjoyed for some time.

The agreed transaction announced today will see Synlait able to consider new value creation workstreams that could require further capital investment at Dunsandel.

The Board will make the most of the strategic opportunities in front of us and, while delivering this future strategy is a major undertaking, we are aiming to have a plan in place next year and look forward to sharing that with you.

Given the scale of Synlait's strategic reset, and the significance of FY26, with the entry into the agreement to sell our North Island assets, the Board has decided not to provide financial guidance. The full guidance statement can be found on page 16 of the Investor Presentation, released alongside this Annual Report.

A quiet toast

12 months ago, Synlait was fighting for survival. We were working hard to convince our shareholders to vote for a critical equity raise that was effectively a stay of execution.

Today we are on track to achieve a fulsome balance sheet reset.

To be here is a real win, that many told us was impossible and unprecedented. I am glad we fought that.

I am even more pleased to be in a position where we can start carving a much stronger future – for our people, our farmers, our customers, and for you, our shareholders.

I look forward to us toasting that in time.



George Adams
Chair

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Synlait suppliers Bevan and Tracey Brown on their Geraldine-based farm.

CEO Review

Richard Wyeth



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Dear Shareholders,

The sale of our world-class North Island assets is a much-needed step change for Synlait.

The transaction, announced alongside today's result, will significantly strengthen Synlait's balance sheet by reducing debt and simplifying our operations, enabling us to focus on the South Island.

In short, this sale will deliver a stronger, simpler, and more secure Synlait.

I did not share the strenuous journey Synlait's Board and people endured while fighting for the company's survival. The fact the company has now made it out the other side is testament to their tenacity and resilience.

When I took this job, I had many people ask why I wanted the role. My answer has always been that Synlait's foundations are strong, I love a challenge and, after 18 years in the dairy sector, I have skills and experience that can help this company win again.

The entry into the North Island transaction makes that job a little easier. I am looking forward to working alongside our Board and ELT to chart a course that enables Synlait to reach its full potential in time.

In the meantime, our team will work alongside Abbott to ensure a successful completion and transaction. You can read more about the sale on page 9.

FY25 Result

While the Chair has rightly described it as a year of two halves, I want to focus on the operational realities that shaped our performance - and the actions we are taking to ensure FY26 is fundamentally different.

When I joined Synlait in May 2025, I entered a business facing several manufacturing challenges. The issues, which are now largely behind us, were complex and impacted our ability to continually deliver product on time, in spec, and at scale.

Synlait's assets are world-class and what I saw in our people's response was positive: teams pulled together, problem solved and executed under pressure.

While there is no getting away from the fact today's numbers are impacted due to those challenges, the work to resolve them is one of many steps forward I have seen Synlait take in recent months.

Ensuring success: Our Big 6 for '26

FY26 will see Synlait shift from reactive recovery to proactive performance. We have defined six key focus areas, with measurable KPIs, to deliver this shift.

As George highlighted, today's result makes it clear that uplifting operational stability is our top priority. Continuing to lift this means we are planning accurately, executing reliably, and delivering consistently.

To support this, we are recruiting a new Chief Operating Officer who will be based in Dunsandel to support our single site focus.

We are also continuing to invest in quality systems to further strengthen our manufacturing capability – especially in Advanced Nutrition, where the margin for error is razor-thin.

Few New Zealand dairy processors have dared to enter this category, Synlait has always been among our most successful having grown into one of the Southern Hemisphere's largest infant formula manufacturers.

The challenges earlier this year underscored the need to refocus our efforts. That's why operational stability and quality performance are central to our Big 6 for '26.

Strengthening Synlait's spirit

Culture is a core driver of performance, shaping how people work together, solve problems, and deliver results. That's why strengthening culture is also one of our Big 6.

We have already laid a solid platform to deliver that culture uplift, introducing the Synlait Spirit in August 2025.

Our Safety, People and Culture team collected more than 3,000 datapoints from across the company that informed Synlait Spirit's creation and three values that sit underneath it:

- **Be the Difference:** Think why first – and never stop hunting for better ways to deliver value.
- **Move as One:** All of us – one team, with respect, getting it right, safely together.
- **Right on the Mark:** Excellence always – own it, act with courage, and dig deep to deliver right, every time.

Our new values are designed to elevate a high-performing culture. They set clear expectations for how we work, how we lead, and how we show up for each other.

These will not be just words on our walls – the Synlait Spirit is being embedded into our employment journey, leadership development, and performance conversations. This will drive how everyone at Synlait thinks, connects and delivers.

Ultimately, Synlait Spirit will support increased personal accountability, create a sense of belonging, and cement a high standard as the way we do things.

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Looking ahead: Focus, discipline, delivery

FY26 is about lifting execution. We are focused on doing the basics well, consistently, and at scale.

This operational execution will uplift our financial performance. Every dollar saved through better planning, every product delivered on time, every spec met will contribute to the bottom line.

At this stage in Synlait's journey, profitability isn't just a finance issue – it's an operational one.

We will continue to explore product diversification but any new value streams will be built on a foundation of operational stability. Without that, nothing else matters.

We have got the plan. The focus now is performance, and I am confident of success.

Regards,



Richard Wyeth
CEO

Our Big 6 for '26

Operational Stability

Getting the basics right, every time – through better planning, execution, and process control.

Quality Performance

Delivering quality without compromise, the first time, every time.

Customer Satisfaction

Deliver consistent, high-quality customer outcomes that build trust, retention, and growth.

Financial Resilience

Strengthening financial resilience and simplifying capital structure.

Strengthening Culture

Setting clear behavioural expectations to rebuild a high-performance, values-led culture focused on manufacturing excellence.

Financial Performance

FY26 presents a valuable reset for Synlait, with the entry into an agreement to sell its North Island assets. The sale will strengthen the company's financial position, with the proceeds used to significantly reduce debt[1].

Synlait SAFE Synlait SPIRIT **Be the Difference | Move as One | Right on the Mark**

[1] The full guidance statement can be found on page 16 of the investor presentation released alongside this annual report.



The world-class Pōkeno facility.

North Island divestment to result in stronger and simpler Synlait

Synlait has entered into a binding conditional agreement to sell its world-class assets to global healthcare leader, Abbott.

The North Island assets primarily consist of the Pokeno factory, the blending and canning facility located on Richard Pearse Drive, and the warehousing facility on Jerry Green Street[2].

The sale price is approximately US$178 million (approximately NZ$307 million)[3].

The transaction recognises the value of these world-class assets to the right owner – Pōkeno is specially configured to deliver for Abbott which has been a Synlait customer since 2020.

The proceeds will be used to significantly reduce Synlait's debt, which would deliver on the Board's commitment to more fulsomely reset the company's balance sheet.

The transaction's targeted completion date is 1 April 2026. It is subject to various conditions, including Synlait obtaining shareholder consent, Abbott receiving consent under the Overseas Investment Act 2005 and, other customary consents including regulatory consent from Ministry for Primary Industries.

Synlait's majority shareholder, Bright Dairy, which owns just over 65.25% of the company, has stated that it will irrevocably vote in favour of the transaction which means the shareholder approval condition will be achieved.

A Notice of Meeting has been prepared to inform shareholders ahead of the vote which will take place at Synlait's Annual Meeting on 21 November 2025. The Notice of Meeting contains detailed information on the North Island asset sale, and its effects on Synlait.

[2] The land and buildings at Richard Pearse Drive and Jerry Green Street are leased to Synlait.

[3] The sale price is denominated in US dollars, so final consideration is subject to exchange rate movements. Final proceeds will also be subject to completion adjustments, as well as a US$14m holdback from the purchase price, in case of certain claims under transaction documents, including warranty claims. The holdback is released to Synlait in stages over three years from completion.

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FY25 Business Milestones

Another solid year for Dairyworks



FY25 was another year of solid growth for Dairyworks with overall gross profit increasing 15% to $39 million ($34 million FY24). An uplift in the export business was the key driver with new entry into Thailand and Vietnam, a new partnership with Costco Australia and the launch of Alpine into Foodservice Australia. Dairyworks is now the fastest growing cheese brand in Woolworths Australia. Cost of living pressures resulted in softer growth in New Zealand but product innovation (in collaboration with Griffins) and a new butter reprocessing contract helped deliver uplift at home too.

Another big year for UHT cream



Synlait set a new record for UHT cream manufacturing this year, producing 8.4 million 1-litre bottles at Dunsandel. Most went to China and Southeast Asia, and the cream is now being distributed closer to home – in Fiji. Its popularity was boosted by a full promotional calendar which included New Zealand Trade and Enterprise's 'New Zealand Bakery Breakthrough' event with Prime Minister Christopher Luxon. Synlait's second-generation cream was also launched in China.

Engaging the Synlait Spirit



Strengthening culture is one of Synlait's Big 6 for '26. Our Safety, People and Culture team canvassed people across the business. The resulting 3,000 datapoints were distilled into the Synlait Spirit and its three underlying values: Be the Difference, Move as One and Right on the Mark. Each value is designed to drive behaviours that will move the business forward with the Synlait Spirit being embedded into our employment lifecycle so it truly drives the way our people think, connect and deliver.

Whakapuāwai: changing Canterbury's landscape



More than 300,000 native seedlings have now been grown and distributed under our Whakapuāwai programme. Spanning more than 40 species, most of these have been planted on our farmers' properties – protecting waterways, regenerating wetlands, providing shelter and boosting on-farm biodiversity. The programme also supports community projects, alongside multiple schools and catchment groups. Whakapuāwai delivers more than just environmental benefits – it connects Synlait to communities across Canterbury and helps attract new farmers to supply the company.

Cutting on-farm emissions with EcoPond™



Synlait is involved in the country's first commercial rollout of technology that can lower farms' total CO_2e emissions (which includes the measurement of methane, nitrous oxide and carbon dioxide emissions) by up to 5%. The technology was developed by Ravensdown and Lincoln University, before being commercialised by Agnition. It uses Polyferric Sulphate and Sulphuric Acid to treat effluent ponds. A pilot project of 10 Synlait farms in May 2025 delivered positive results. A further 40 farms will now be treated. Synlait's support of this technology has been pivotal in enabling it to be commercialised.

The Synlait Advantage: our on-farm offering



FY25's urgent need to retain milk saw Synlait take stock of what farmers value about supplying our business. The result was a redefined value proposition, The Synlait Advantage, with four pillars of support. The first, 'No Call Centres' reflects our personal approach – each farm has an Area Manager they call directly. 'Adding Value' reflects how we enable farmers to earn more for their milk. With the highest ratio of field staff to farmers of any processor, 'Market-Leading On-Farm Support' is our third pillar and lastly, 'Commercially-smart Sustainability' speaks to our ability to keep farmers ahead of future sustainability requirements.

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Our Board of Directors

Chair



George Adams

- Audit & Risk Committee Member
- Nominations Sub-Committee Member

Independent Directors



Paul McGilvary

- People, Environment & Governance Committee Chair
- Audit & Risk Committee Member
- Nominations Sub-Committee Member



Paul Washer

- Audit & Risk Committee Chair
- People, Environment & Governance Committee Member
- Nominations Sub-Committee Member

Bright Dairy Appointed Directors



Julia Zhu

- Audit & Risk Committee Member



Edward Yang

- People, Environment & Governance Committee Member
- Nominations Sub-Committee Member



Tao Zhang

- Audit & Risk Committee Member



Leon Fung

- People, Environment & Governance Committee Member

Our Executive Leadership Team



Richard Wyeth[1]
CEO



Andy Liu
Chief Financial Officer



Naiche Nogueira
Chief Revenue Officer



Tim Carter[2]
Dairyworks CEO



Abby Ye
President China and Director of Foodservice



Paul Mallard[3]
Chief Operating Officer



Rob Stowell
Chief Commercial Officer



Charles Fergusson
Director On-Farm Excellence, Business Sustainability and Corporate Affairs



Stephanie Manning
Director of Safety, People and Culture



Glenn Laing
Director of Manufacturing



Hila Mory
General Manager Quality

[1] Richard Wyeth joined as Chief Executive Officer on 19 May 2025.
[2] Tim Carter, CEO of Dairyworks, served as Acting CEO of Synlait from 21 October 2024 to 18 May 2025.
[3] Paul Mallard has resigned as Chief Operating Officer, and will leave Synlait in December 2025.

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Synlait's Whakapuāwai programme has distributed more than 300,000 native plants across Canterbury.

Statutory Information

1. Business Operations

Synlait is a nutrition company. It combines expert farming with state-of-the art processing to produce Advanced Nutrition, Foodservice, and Ingredient products. In the year to 31 July 2025, Synlait made no changes to its company structures.

In April 2024, Synlait initiated a strategic review of its North Island assets – including its manufacturing facility in Pōkeno and its blending and canning facility in Auckland – as part of its business recovery plan. The review explored a wide range of options, including alternative ownership structures, mothballing the Pōkeno plant, and how to balance its capability to process both dairy and plant-based proteins.

On 9 September 2024, Synlait announced that the Board had decided to focus Pōkeno's operations solely on producing advanced nutrition products that do not require raw milk. This decision followed the strategic review, which found that alternating between processing plant-based proteins and raw dairy milk at Pōkeno was hindering operational efficiency.

In FY25, Synlait had 54 Waikato-based farmer suppliers, reducing to 39 in FY26. Farmer suppliers can remain with Synlait until the end of their supply agreements, with Open Country now responsible for milk collection and processing.

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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 2025:

Company	Directors		Appointed
Synlait Milk Limited Synlait Milk Finance Limited	George Adams (Chair)	Independent	21 March 2024
	Leon Fung	Bright Dairy Appointed	3 June 2024
	Paul McGilvary	Independent	24 January 2022
	Paul Washer	Independent	2 December 2022
	Sihang Yang (Edward)	Bright Dairy Appointed	11 November 2010
	Tao Zhang	Bright Dairy Appointed	26 February 2024
	Yi Zhu (Julia)	Bright Dairy Appointed	19 June 2023
Company	**Directors**		
The New Zealand Dairy Company Limited	Grant Watson[1]		
	Robert Stowell		
Eighty Nine Richard Pearse Drive Limited	Grant Watson[1]		
	Robert Stowell		
Synlait Business Consulting (Shanghai) Co., Ltd	Grant Watson[1]		
	Robert Stowell		
	Paul Mallard		
Dairyworks Limited	Grant Watson[1]		
	Timothy Carter		
Synlait Milk (Dunsandel Farms) Limited	Grant Watson[1]		
	Robert Stowell		
Synlait Milk (Holdings) No.1 Limited	Grant Watson[1]		
	Robert Stowell		

Synlait has considered the independence of its three 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] Grant Watson resigned as Chief Executive Officer and Director of associated Synlait subsidiary companies on 20 October 2024.

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 2025.

Board of Directors

George Adams
Chair and Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Chair and Director and Shareholder Insightful Mobility Limited
Chair and Director Netlogix Group Holdings Limited
Chair and Director Bremworth Limited[2]
Director and Shareholder Arborgen Holdings Limited
Chair, Director and Shareholder Apollo Foods Limited
Director The Apple Press Limited
Director Mars Manufacturing Limited
Director and Shareholder Apollo Brands Limited
Chair and Director NZFF Holdco Limited
Chairman Business Leaders Health and Safety Forum[3]
H&S Impact Fund Advisor for Accident Compensation Corporation
Chair and Director Redshield Limited[4]
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
Chief Executive Officer NIG Nutritionals Limited
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[5]
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

[2] George Adams resigned from Bremworth Limited on 7 July 2025.
[3] George Adams resigned from Business Leaders Health and Safety Forum May 2025.
[4] George Adams joined as Chair and Director of Redshield Security Limited on 1 April 2025.
[5] Leon Fung joined as Director Gambol Pet Food (New Zealand) Co., Limited on 19 December 2024.

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Paul McGilvary
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 Washer[6]
Director Synlait Milk Limited
Director Synlait Milk Finance Limited
Chief Financial Officer Pact Group Holdings (Australia) Pty Ltd[6]
Director Pact Group Holdings Limited[6]
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

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

Yi Zhu (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

[6] Paul Washer has advised that he will retire by rotation from the Board of Synlait at the 2025 Annual Meeting.

[7] Pact Group Holdings 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 is a protocol in place whereby Paul Washer abstains from all Board discussions and decisions involving the supply agreements between Synlait and Pact Group.

Executive Leadership Team

Richard Wyeth[8]
Director and Shareholder Rise Corporation Limited
Director and Shareholder Ngaranui 2024 Limited

Timothy Carter[9]
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

Andy Liu[10]
Shareholder Synlait Milk Limited

Paul Mallard
Director Synlait Business Consulting (Shanghai) Co., Ltd.

Robert Stowell
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

Grant Watson[11]
Director Dairyworks Limited[10]
Director Synlait Milk (Dunsandel Farms) Limited[10]
Director Eighty Nine Richard Pearse Drive Limited[10]
Director The New Zealand Dairy Company Limited[10]
Director Synlait Milk (Holdings) No.1 Limited[10]
Director Synlait Business Consulting (Shanghai) Co., Ltd.[10]
Shareholder 365 Ventures Limited[10]
Insurance cover arranged by Synlait Milk Limited[10]
Deed of Indemnity and Access from Synlait Milk Limited[10]

[8] Richard Wyeth joined as Chief Executive Officer on 19 May 2025.

[9] Tim Carter, CEO of Dairyworks, served as Acting CEO of Synlait from 21 October 2024 to 18 May 2025. During this period, Dairyworks CFO Aaron Kenny assumed the role of Acting CEO of Dairyworks.

[10] Andy Liu joined as Chief Financial Officer on 14 August 2024.

[11] Grant Watson resigned as Chief Executive Officer and Director of associated Synlait subsidiary companies on 20 October 2024.

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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 2025:

Director	Role	Remuneration
George Adams	Independent Director Board Chair	$178,000
Paul McGilvary	Independent Director Chair of People, Environment and Governance Committee	$100,900
Paul Washer	Independent Director Chair of Audit and Risk Committee	$104,150
Leon Fung	Bright Dairy Appointed Director	$88,900
Sihang Yang (Edward)	Bright Dairy Appointed Director	$88,900
Tao Zhang	Bright Dairy Appointed Director	$88,900
Zhu Yi (Julia)	Bright Dairy Appointed Director	$88,900

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

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 2025	Securities held (legally or beneficially) as at 31 July 2024
George Adams	0	0
Leon Fung	0	0
Paul McGilvary	3,500 ordinary shares	3,500 ordinary shares
Paul Washer	0	0
Sihang Yang (Edward)	0	0
Tao Zhang	0	0
Yi Zhu (Julia)	0	0

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6. Employee Remuneration

During the year ended 31 July 2025, 549 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	81
110,000 – 119,999	96
120,000 – 129,999	86
130,000 – 139,999	75
140,000 – 149,999	44
150,000 – 159,999	36
160,000 – 169,999	29
170,000 – 179,999	13
180,000 – 189,999	18
190,000 – 199,999	13
200,000 – 209,999	5
210,000 – 219,999	12
220,000 – 229,999	4
230,000 – 239,999	2
240,000 – 249,999	7
250,000 – 259,999	1
260,000 – 269,999	2
270,000 – 279,999	4
280,000 – 289,999	1
290,000 – 299,999	1
330,000 – 339,999	1
340,000 – 349,999	3
350,000 – 359,999	2
360,000 – 369,999	3
420,000 – 429,999	2
440,000 – 449,999	1
520,000 – 529,999	1
590,000 – 599,999	1
650,000 – 659,999	2
670,000 – 679,999	1
990,000 – 1,000,000	1
1,710,000 – 1,719,999	1

Synlait's Strategic Remuneration policy is approved by Synlait's People, Environment and Governance Committee. That Committee also reviews and recommends to the Board the remuneration of the Chief Executive Officer and the Executive Leadership Team.

Chief Executive Officer Remuneration

The table below sets out remuneration paid to Synlait's Chief Executive Officer in the year to 31 July 2025:

Remuneration	Grant Watson[12]	Timothy Carter[13]	Richard Wyeth[14]
Salary	$666,000	$539,332	$182,692
KiwiSaver	$49,707	$16,680	$10,961
LTI	0	0	0
STI	0	0	0
Other remuneration[15]	$1,003,286	0	0
Total	**$1,718,993**	**$556,012**	**$193,653**

7. Donations

Dairyworks Limited, a wholly owned subsidiary of Synlait, made cheese donations to a value of $33,519 in the year to 31 July 2025. These were the only donations made by the Synlait Group in the financial year.

8. Auditors

In the year to 31 July 2025, Synlait's total payments to its auditors KPMG were as follows:

KPMG service included in administration and operating expenses	
Statutory audit fee	$565,000
Half year accounts review	$75,000
Bright Group financial audit	$250,000
Other assurance services	$130,000
Total	**$1,020,000**

[12] Grant Watson resigned as Chief Executive Officer on 20 October 2024.
[13] Tim Carter, CEO of Dairyworks, served as Acting CEO of Synlait from 21 October 2024 to 18 May 2025.
[14] Richard Wyeth joined as Chief Executive Officer on 19 May 2025.
[15] Other remuneration includes annual leave and discretionary payments.

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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 2025:

- 603,198,098 ordinary shares

Set out below are Synlait's largest shareholders as at 31 July 2025:

	Number of shares held	Percentage of ordinary shares on issue
01. Bright Dairy Holding Limited	393,599,938	65.3%
02. The a2 Milk Company Limited	119,635,613	19.8%
03. Lowquest Pty Ltd	5,829,141	1.0%
04. XSTAR Fund Management	5,328,276	0.9%
05. John Penno	5,109,803	0.8%
06. L S Keeper	1,975,000	0.3%
07. Philip Lennon	1,800,000	0.3%
08. Accident Compensation Corporation	1,407,931	0.2%
09. Paul & Bronwyn Lancaster	1,055,623	0.2%
10. Juanjuan Wang	1,018,000	0.2%
11. Jingli Fan	962,310	0.2%
12. Therese Roche	900,000	0.1%
13. Horo Holdings Limited	530,000	0.1%
14. Christopher Maw	515,268	0.1%
15. Rangatira Trust	513,038	0.1%
16. Craigs Investment Partners Limited	511,011	0.1%
17. Phuong Thi Ngoc Duong	473,325	0.1%
18. Jacob Roche	468,324	0.1%
19. John & Anne Belcher	448,236	0.1%
20. Yuzhi Gao	416,559	0.1%
Total	**542,497,396**	**89.9%**

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 2025. 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%**

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11. Spread of Product Holders

The spread of Synlait's ordinary shareholders as at 31 July 2025 is as follows*:

Size of holding	Number of investors	Percentage of investors	Total number of shares	Percentage issued
1 – 1,000	2,302	40.00%	999,014	0.17%
1,001 – 5,000	2,016	35.03%	5,334,793	0.88%
5,001 – 10,000	610	10.60%	4,672,721	0.77%
10,001 – 50,000	629	10.93%	13,205,167	2.19%
50,001 – 1,000,000	186	3.23%	26,835,973	4.45%
1,000,001 and over	12	0.21%	552,150,430	91.54%
Total	**5,755**	**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

Governance Arrangements
During the reporting period, Synlait continued to rely on waivers previously granted by NZX Regulation Limited ("NZ RegCo") (and its predecessor) from certain NZX Listing Rules. These waivers permitted Synlait's Constitution and Board composition to reflect non-standard governance arrangements, including:

- The right for Bright Dairy Holding Limited ("Bright Dairy") to appoint four directors to the Board (even when holding less than 50% of shares),
- Exemptions from director rotation and removal requirements for Bright Dairy appointees,
- The requirement for three Independent Directors (rather than two under the NZX Listing Rules),
- Provisions regarding alternates and the appointment/voting rights of the Managing Director or Board Appointed Director,
- Other related governance matters as previously disclosed in prior annual reports and offer documents.

These governance waivers were subject to conditions, including Bright Dairy maintaining a shareholding between 39.119% and 50% (inclusive), and Synlait maintaining a Non-Standard (NS) designation to notify the market of its unique governance arrangements.

The governance waivers were relied upon until 1 October 2024, when Synlait completed a significant equity capital raise and refinancing, resulting in Bright Dairy increasing its shareholding above 50%. At that point, the special governance arrangements and associated waivers ceased to apply, and the relevant provisions in Synlait's Constitution were deleted or became redundant in accordance with their terms.

Following this change:

- Synlait's governance arrangements reverted to compliance with the Companies Act 1993 and the NZX Listing Rules,
- All special constitutional rights for Bright Dairy ceased to apply,
- The Non-Standard (NS) designation, which had been a condition of the governance waiver, was removed by NZ RegCo effective 23 December 2024.

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

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Relevant Contracts without shareholder approval for a further 12-month period. 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, including this report for the year ended 31 July 2025. NZ RegCo published the Non-Interested Directors' certificate to market alongside publication of the waiver decision.

The Major Transaction Waivers provide 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.

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.

A copy of these waivers, and other waivers Synlait has obtained, or relied on can be found in the Investor Centre on Synlait's website. They are also available at nzx.com and asx.com.au under the ticker codes "SML" and "SM1", respectively.

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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 2025 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 2025. The prior year's comparison is in brackets.

Group	Female	Male	Total
Board	1 (1)	6 (6)	7 (7)
Officer	3 (2)	8 (5)	11 (7)
Total	**4**	**14**	**18**

16. Performance Against Diversity 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 FY25. The prior year's comparison is in brackets.

Measure	Progress at as 31 July 2025
Reduction of the gender pay gap to ≤ 5%	Median 14%, Average 8.7% (Median 11%)
40-50% of leadership positions (people leaders, supervisors, specialist roles and senior leadership) held by women	41.3% (43%)
No regretted losses of high potential female employees	9 (4)

17. Board Skills Matrix

		Number of Directors (Total 7)	
		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.	●●●	●

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From left, Farmers Leadership Team members Roseanne Megaw, Susie Woodward and Chair Adam Williamson alongside Hannah Lynch (Head of Milk Supply, Strategy and Corporate Affairs) at Synlait's Farmer Conference in June 2025.

CFO Review

Andy Liu



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Below is a detailed summary of Synlait's financial result for the 12 months ended 31 July 2025. 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

FY25 marked a pivotal year for Synlait, as we successfully reversed the decline experienced in FY24 through a disciplined focus on profitable volume growth, cost control, and cash conversion. Revenue increased by 12% year-on-year to $1.8 billion. Reported EBITDA improved significantly to $50.7 million, up from a loss of -$4.1 million in FY24, while underlying EBITDA more than doubled to $107.2 million.

Operating cash flow strengthened to $165.5 million, compared to -$47.2 million in the prior year.

Net debt was reduced to $250.7 million, down from $551.6 million in FY24, following the balance sheet reset. The strategic divestment of our North Island assets, once completed, is expected to further support debt reduction and enhance overall financial performance.

Key Metrics

Key financial metrics[1] Currency as stated (in millions)	FY22	FY23	FY24	FY25	% change	Total change
Income statement						
Revenue	1,661	1,604	1,637	1,827	12%	191
Gross profit	147	144	56	105	88%	49
EBITDA[2]	132	91	(4)	51	1,322%	55
EBIT[2]	65	31	(183)	(6)	97%	176
NPAT	**39**	**(4)**	**(182)**	**(40)**	**78%**	**142**
Net cash from/(used in) operating activities	**233**	**39**	**(47)**	**166**	**451%**	**213**
Balance sheet						
Capital employed	1,090	1,204	1,156	1,040	(10%)	(117)
Net operating assets[3]	995	1,205	1,125	1,008	(10%)	(118)
Return on net operating assets	6%	3%	(16%)	(0.6%)	n.a	15%
Net return on capital employed (pre-tax)	6%	3%	(16%)	(0.6%)	n.a	15%
Debt/debt + equity (excl. derivatives)	30%	34%	48%	24%	n.a	23.2%
Net debt/EBITDA[5]	3x	5x	(133x)	5x	104%	n.a
Earnings per share	**18c**	**(2c)**	**(83c)**	**(7c)**	**91%**	**76c**
Average FX conversion rate (NZD:USD)	**0.6732**	**0.6446**	**0.6268**	**0.5963**	**-**	**-**
Base milk price	9.30	8.22	7.83	10.16	30%	2.33
Total milk price (kgMs)[4]	**9.59**	**8.49**	**8.11**	**10.66**	**31%**	**2.55**

[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. A reconciliation of EBIT and EBITDA is provided in this CFO Review.

[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] Total milk price for Synlait Milk suppliers on standard milk supply contract, includes milk value, seasonal incentives and secured premiums. This is a milk season reflective payment that runs 1 June to 31 May. Further detail can be found on page 24.

[5] Net debt calculation excludes lease liabilities.

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

	FY25	FY24
Reported EBITDA	**50.7**	**(4.1)**
Onerous contract expense on North Island milk sales[1]	4.7	-
Costs relating to power outage	5.6	-
Manufacturing challenges[2]	43.5	-
North Island divestment transaction cost	2.7	-
Supply chain and transaction costs	-	25.2
Impact of product costing methodology	-	17.1
Inventory losses resulting from ERP implementation	-	7.0
Total EBITDA adjustment	**56.5**	**49.3**
Underlying EBITDA	**107.2**	**45.2**
Reported NPAT	**(39.8)**	**(182.1)**
EBITDA adjustments as above	56.5	49.3
Impairment of assets	-	114.6
Plus tax impact of above items	(15.9)	(42.2)
Total NPAT adjustment	**40.6**	**121.7**
Underlying NPAT	**0.8**	**(60.4)**

Sales & Gross Profit Performance

Total revenue reached $1.8 billion, an increase of $191 million, driven by the higher commodity prices. Total production in metric tonnes (MT) was in line with FY24. Increased Advanced Nutrition and Foodservice volumes offset strategically lower Ingredients volumes due to planned production changes in our North Island assets. There has been an encouraging improvement in gross margins, with a nearly 70% increase compared with last year.

Underlying gross profit by business unit[3]

		Advanced Nutrition	Ingredients	Consumer	Foodservice	Total
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
FY24[4]	Production volume (MT)	30,516	120,643	58,023	4,421	213,603
	Revenue ($ millions)	488	635	337	24	1,483
	Gross profit ($ millions)	73.9	(13.5)	30.6	(5.4)	85.6
% Change	Production volume (MT)	31%	(11%)	(3%)	92%	(1%)
	Revenue ($ millions)	8%	7%	12%	91%	10%
	Gross profit ($ millions)	29%	197%	28%	16%	67%

[1] Related to Synlait ceasing North Island milk collection, with the existing contracted farms' milk collected and processed by Open Country. Part of this loss results from Synlait's committed 5 cents one-off incentives for 2024/2025 season. $4.7 million loss covers the whole contract period from 2024/2025 to 2025/2026 season.
[2] Related to largely resolved manufacturing challenges which resulted in additional one-off costs.
[3] Gross profit not attributable to business units is not included.
[4] To improve comparability of financial information, FY24 Advanced Nutrition gross margin has been adjusted to reflect a minor misallocation of SG&A costs.

Advanced Nutrition

Advanced Nutrition revenue was up 8% to $526 million, driven by increased customer demand as well as the successful commercialisation of new products. Net production was up 31% to 39,997 MT. Gross margin was up 29% driven by volume increases, new products, favourable FX conditions, and higher lactoferrin volumes sold as last year's stock is run down.

Lactoferrin production was high in FY24, this carried through to FY25 with only 2 MT decrease in production volume year-on-year.

Ingredients

Ingredients production volumes decreased 11% year-on-year to 107,519 MT. This reflects the strategic exit of raw milk processing in the North Island which has resulted in a gross margin uplift for this business unit. Despite reduced volumes, revenue increased 7% to $677 million, due to high commodity prices driving a high milk price. Ingredients' gross profit improved significantly, driven by enhanced foreign exchange risk management, stronger controllable performance through optimised sales phasing and a reduction in the volume of downgraded ingredients sold at discounted rates. Performance was hindered by strong whole milk powder commodity pricing affecting stream returns, particularly during the second half.

Consumer

Revenue increased by 12% to $376 million, while production volumes declined by 3% to 56,100 MT, reflecting the business's resilience in navigating elevated commodity price conditions. Notably, the business re-entered the butter category at the end of the 2025 financial year, positioning itself for future growth in value-added dairy offerings. Gross margin improved by 28%, supported by the continued strength of Dairyworks' export strategy, which delivered solid international performance. The domestic market remained subdued, with consumer demand impacted by ongoing cost-of-living pressures. Margin expansion in the liquid milk segment also contributed positively to overall profitability.

Foodservice

Production volumes increased 92% to 8,471 MT as UHT cream product sales accelerated. Revenue increased accordingly to $45 million, a 91% increase. While the business unit is still loss-making, gross profit improved 16% due to a higher plant utilisation rate. High fat pricing remained unfavourable in FY25.

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Milk Price & Milk Supply

In FY25, Synlait received 83.9 million kgMS from contracted suppliers, which remained largely flat (0.6 million kgMS decrease on FY24), despite a reduction in the number of farms supplying Synlait, predominately in the North Island. 11 new farms joined the South Island supplier base on 1 June 2025, and favourable climate conditions contributed to strong yields on-farm.

This outcome underscored the business's resilience and the effectiveness of its milk retention programme in the South Island, where a significant majority of farmer supplier cessation notices were reversed.

For the 2024/2025 season, Synlait set a final base milk price of $10.16 per kgMS (up from $7.83 per kgMS in 2023/2024), with an additional $0.30 per kgMS paid through incentive and premium programmes such as a2, Lead With Pride™, and winter milk. These brought the average total milk price to $10.46 per kgMS, reflecting the company's ongoing support for suppliers through competitive pricing and a robust advance rate structure.

In addition, as part of our milk retention programme, a one-off $0.20/kgMS secured milk premium was introduced for South Island farmers who did not have cessation notices in place on 31 May 2025. An additional $0.05/kgMS premium was introduced for North Island farmers at the same time. Both of these premiums will be paid in September 2025.

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 $8.3 million to $125.7 million, despite ongoing inflationary pressures. This result reflects the execution of targeted cost-saving initiatives, which are now embedded as part of our permanent operating model.

Key contributors to these sustainable savings included reductions in consultancy and legal fees ($10.5 million), employee and contractor costs ($2.5 million), site services ($7.9 million), and depreciation ($2.8 million). These gains were partially offset by an increase in freight and transportation costs ($13.4 million), driven by one-off cost for manufacturing challenges and higher customer demand – a positive indicator of commercial momentum.

Unadjusted manufacturing costs increased by $12.6 million during the year, primarily due to one-off disruptions and associated provisioning. These issues have been largely resolved, with new season production now underway.

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) increased by $54.8 million to $50.7 million.

$ million	FY25	FY24
(Loss)/profit before tax	(54.4)	(237.8)
Add back: net financing costs	48.0	55.0
EBIT	**(6.3)**	**(182.7)**
Add back: depreciation and impairment	57.0	178.6
EBITDA	**50.7**	**(4.1)**

Net Financing Costs

Net financing costs decreased $7 million or 13% to $48 million, primarily due to equity placement, a decrease in wholesale interest rates and lower working capital requirements.

The loss on derecognition of financial assets, and the financing cost associated with our receivables financing programme increased $1.2 million as a new arrangement with a key customer was established. Further, interest on lease liabilities decreased $0.4 million.

$ million	FY25	FY24	Change
Gross term debt interest*	(18.4)	(24.1)	5.8
Less capitalised interest	-	0.2	(0.2)
Net term funding interest	**(18.4)**	**(23.9)**	**5.5**
Working capital and revolving credit interest	(17.7)	(19.8)	2.1
Interest received	0.8	0.6	0.2
Loss on derecognition of financial assets	(9.1)	(7.9)	(1.2)
Net short-term funding interest	**(26.0)**	**(27.1)**	**1.1**
Interest on lease liabilities	(3.6)	(4.0)	0.4
Net finance costs	**(48.0)**	**(55.0)**	**7.0**

* Gross term debt interest includes revolving credit facilities and shareholder loan.

Foreign Exchange

Management of foreign exchange exposure is one of Synlait's key competences. 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 FY25, we achieved a net annual average NZD/USD export exchange rate of 0.5963 (FY24: 0.6268).

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Financial Position

Overview

Net debt decreased $301 million, due to the October 2024 equity raise from the major shareholders and improvement of trading performance which led to positive operating cashflows.

Our reported net profit after tax loss of ($39.8 million) decreased total retained earnings to $106 million from $146 million. Total shareholders' equity increased to $789 million due to the combined losses recognised after tax and increase of share capital.

We successfully refinanced our banking facilities in September 2025. The refinance gives Synlait access to a broader range of services and optimised pricing to reduce financing costs. We appreciate the continued support of our banking syndicate.

Working Capital

The capital raise and corresponding improved balance sheet, coupled with recovered first half performance enabled us to improve our working capital management.

Trade and other receivables reduced by $49.9m to $95.0m, primarily driven by an additional key customer receivable assignment arrangement.

Improved supplier confidence allowed us to return to commercial terms of trade and optimise working capital conditions. Raw material purchases included in trade and other payables were higher than the prior year, reflecting higher Advanced Nutrition demand. This offset the impact of a higher milk price, extending trade and other payables to $378.3m, up $120.4m.

Inventories increased by $71.7 million to $281.4 million as raw material holdings increased to cover uplifted Advanced Nutrition demand, coupled with higher valuation in finished goods from a higher milk price.

Closing Inventories	FY25		FY24	
	$ million	MT	$ million	MT
Synlait Milk Limited	206	34,025	163	25,567
Dairyworks Limited	75	5,896	47	5,489
Total	**281**	**39,921**	210	31,056

Equity Placements

On 1 October 2024, Synlait received NZ$212.1 million (net)[1] from an equity placement to Bright Dairy and The a2 Milk Company. The funds were primarily used to repay bank facilities maturing that day and to settle subordinated bonds, restoring balance sheet strength. This deleveraging significantly reduced interest costs for FY25, improved covenant headroom, and extended liquidity through new bank facilities and an extended shareholder loan.

Operating Cash Flows & Total Net Debt

$ million	FY25	FY24
Current debt	-	369.7
Term debt (carrying amount)	328.8	191.3
Transaction costs	0.2	0.9
Less cash on hand	(78.3)	(10.3)
Total net debt (excluding lease liabilities)	**250.7**	**551.6**

Total net debt reduced following equity placement, and improvement in operating cashflows was $165.5m, up $212.7m year-on-year, driven by the earnings recovery and working capital optimisation. This significantly reduced advanced payment terms, which were further supported by better trading performance and cost control (compared with FY24), alongside higher customer demand and cash conversion.

$ million	FY25	FY24	Year-on-year change
Cash receipts from customers	1850.7	1,576.4	274.3
Cash paid for milk purchased	(1,021.5)	(788.4)	(233.1)
Cash paid to other creditors and employees	661.4	(833.1)	171.8
GST refunds	(5.9)	0.9	(6.8)
Income tax refunds/payments	3.6	(2.9)	6.5
Operating cash flows	**165.5**	**(47.2)**	**212.7**

Cash outflow from investing activities totalled $22.6 million, a decrease of $7 million. The reduction in spending directly correlates to reduced spending on capital projects. Further interest paid and repayment of lease liabilities totalled $54.8 million, down $6.4 million on prior year due to the decrease in wholesale interest rates and lower debt levels held throughout the year.

[1] Equity placement is displayed net of transaction costs.

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Derivatives

At 31 July 2025 the Group held US$401.8 million (net) in foreign exchange contracts as detailed in note 18 of the Financial Statements. These have been placed across an 18-month future period in accordance with our Treasury Policy. Additionally, the Group held AU$8 million and CNH¥115 million in export contracts.

Given NZD/USD exchange rate appreciation across the last 18 months, we have mark to market unrealised gains associated with these contracts at year-end of $17.4 million before tax. As our foreign exchange contracts hedge against future USD receipts and payments, this unrealised gain 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 $45 million of current interest rate swap agreements at year-end (FY24: $50 million) at various weighted average interest rates. The agreements have unrealised mark-to-market loss of $0.4 million before tax.

We continue to use dairy commodity derivatives to support the management of the risk of movement in dairy commodity prices. During the reporting period the Group entered into milk price derivative contracts to further support its existing financial risk management strategy. The nominal value of the 24/25 and 25/26 season contracts is $6.4 million, and $0.3 million respectively. The movement in the fair value of the commodity derivatives is included within the cash flow hedge reserve.

Most unrealised gains and losses on derivatives detailed above are deferred to the cash flow hedge reserve. Year-on-year, there was a $12.2 million movement in the reserve, with a closing balance of $5.4 million in FY25 from ($6.8 million) in FY24.

Funding Facilities & Covenants

The Group announced the refinancing of its syndicated banking facilities, with a $100m facility demand drop and a reduction in the number of banks in the syndicate (by one).

The refinance will be fully executed on 30 September 2025.

The new funding arrangements total $350 million and are made up of:

- a secured overdraft facility of NZ$15 million.
- a secured revolving credit facility A of NZ$123 million.
- a secured revolving credit facility B of NZ$110 million.
- a secured term loan facility A of NZ$25 million.
- a secured term loan facility B of NZ$47 million.
- a secured revolving credit facility A NZD/CNH of NZ$15 million.
- a secured revolving credit facility B NZD/CNH of NZ$15 million.

Each of the above facilities mature on 30 June 2026 (excluding the secured overdraft facility), with a $50 million step down in the size of the revolving credit facility A on and from 28 February 2026.

Synlait's new banking syndicate is made up of ANZ Bank, China Construction Bank, Bank of China, Rabobank, Industrial Commercial Bank of China, HSBC, Bank of Communications, and Bank of East Asia. The banking syndicate remains highly supportive of Synlait.

The key financial covenants are:

- A net senior debt leverage ratio of 2.5x for FY26. This covenant has been amended to only apply on Net Senior Debt to EBITDA for FY26 and applies at balance date.
- A working capital ratio of 1.35x for the period from 1 August to 31 March and 1.5x from 1 April to 31 July. This is an "at all times" covenant.
- An interest cover ratio of 2.5x for FY26. This covenant applies quarterly and is based on actual EBITDA for the completed applicable period and forecast for the remaining part of the financial year, based on the lower of the minimum EBITDA event of review levels, or any revised forecast EBITDA.
- Shareholders' Funds to always exceed $500 million.

Shareholder loan

In addition to the above, Synlait continues to have the $130 million shareholder loan from Bright Dairy International Investment Limited, a related company of Bright Dairy Holding Limited, for a further 12-month term, maturing 12 July 2026.

Synlait Milk Limited Financial Statements for the Year Ended 31 July 2025

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Directors' Responsibility Statement

The Directors are pleased to present the financial statements for Synlait Milk Limited and its subsidiaries (together "the Group") as set out on pages 28-51 for the year ended 31 July 2025.

The Directors are responsible for ensuring that the financial statements present fairly the financial position of the Group as at 31 July 2025 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

29 September 2025



Paul Washer
Independent Director

29 September 2025

Income Statement

For the year ended 31 July 2025.

	Notes	2025 $'000	2024 $'000
Revenue	1	**1,827,415**	1,636,858
Cost of sales	3	**(1,722,076)**	(1,580,844)
Gross profit		**105,339**	56,014
Other income		**14,019**	9,828
Sales and distribution expenses	3	**(58,269)**	(58,025)
Administrative and operating expenses	3	**(67,409)**	(75,985)
Impairment of non-current assets		**-**	(114,564)
Earnings / (loss) before net finance costs and income tax		**(6,320)**	(182,732)
Finance expenses	13	**(39,721)**	(47,689)
Finance income	13	**842**	585
Loss on derecognition of financial assets	6,13	**(9,162)**	(7,916)
Net finance costs		**(48,041)**	(55,020)
Loss before income tax for the year		**(54,361)**	(237,752)
Income tax benefit	20	**14,539**	55,641
Loss after tax for the year		**(39,822)**	(182,111)
Earnings per share			
Basic earnings per share (cents)	15	**(7.39)**	(83.31)
Diluted earnings per share (cents)	15	**(7.39)**	(83.31)

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

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Statement of Comprehensive Income

For the year ended 31 July 2025.

	Notes	2025 $'000	2024 $'000
Loss for the period		**(39,822)**	(182,111)
Items that may be reclassified subsequently to profit and loss			
Effective portion of changes in fair value of cash flow hedges	18	**16,964**	(5,401)
Exchange differences on translation of foreign operations		**(2)**	40
Income tax benefit / (expense) on other comprehensive income	20	**(4,750)**	1,511
Total items that may be reclassified subsequently to profit and loss		**12,212**	(3,850)
Other comprehensive income for the year, net of tax		**12,212**	(3,850)
Total comprehensive income for the year		**(27,610)**	(185,961)

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

Statement of Changes in Equity

For the year ended 31 July 2025.

	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 2023	11	464,774	735	(2,924)	3	327,786	790,374
Loss for the year		-	-	-	-	(182,111)	(182,111)
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges	18	-	-	(5,401)	-	-	(5,401)
Exchange differences on translation of foreign operations		-	-	-	40	-	40
Income tax on other comprehensive income	18	-	-	1,511	-	-	1,511
Total other comprehensive income		-	-	(3,890)	40	-	(3,850)
Transactions with owners							
Employee benefits reserve	16,17	-	385	-	-	-	385
Total contributions by and distributions to owners		-	385	-	-	-	385
Equity as at 31 July 2024		464,774	1,120	(6,814)	43	145,675	604,798
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	18	-	-	16,964	-	-	16,964
Exchange differences on translation of foreign operations		-	-	-	(2)	-	(2)
Income tax on other comprehensive income	18	-	-	(4,750)	-	-	(4,750)
Total other comprehensive income		-	-	12,214	(2)	-	12,212
Transactions with owners							
Issue of new shares	15	212,107	-	-	-	-	212,107
Employee benefits reserve	16,17	-	(509)	-	-	-	(509)
Total contributions by and distributions to owners		212,107	(509)	-	-	-	211,598
Equity as at 31 July 2025		676,881	611	5,400	41	105,853	788,786

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

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Statement of Financial Position

For the year ended 31 July 2025.

	Notes	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	**78,277**	10,273
Trade and other receivables	6	**94,985**	144,922
Intangible assets	11	**3,650**	5,149
Goods and services tax refundable		**6,195**	298
Prepayments		**13,810**	27,775
Inventories	7	**281,418**	209,702
Derivative financial instruments	18,19	**13,716**	3,389
Current tax asset		**1,623**	5,233
Total current assets		**493,674**	406,741
Non-current assets			
Property, plant and equipment	9	**882,445**	908,443
Biological assets	10	**4,731**	3,597
Intangible assets	11	**70,494**	75,834
Goodwill	11	**58,163**	58,163
Other investments	21	**2,301**	1,860
Derivative financial instruments	18,19	**1,587**	39
Deferred tax assets	20	**9,606**	-
Right-of-use assets	12	**40,877**	39,338
Total non-current assets		**1,070,204**	1,087,274
Total assets		**1,563,878**	1,494,015
LIABILITIES			
Current liabilities			
Trade and other payables	8	**378,341**	257,896
Loans and borrowings	14	**328,839**	369,701
Derivative financial instruments	18,19	**8,162**	8,385
Lease liabilities	12	**6,499**	6,327
Total current liabilities		**721,841**	642,309
Non-current liabilities			
Loans and borrowings	14	**-**	191,255
Deferred tax liabilities	20	**-**	187
Derivative financial instruments	18,19	**608**	4,453
Lease liabilities	12	**48,734**	47,752
Other non-current liabilities		**3,909**	3,261
Total non-current liabilities		**53,251**	246,908
Total liabilities		**775,092**	889,217
Net assets		**788,786**	604,798
Equity			
Share capital	15	**676,881**	464,774
Reserves	17	**6,052**	(5,651)
Retained earnings	17	**105,853**	145,675
		788,786	604,798
Total equity attributable to equity holders of the Group		**788,786**	604,798
Total liabilities and equity		**1,563,878**	1,494,015

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 2025.

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Cash receipts from customers		**1,850,664**	1,576,411
Cash paid for milk purchased		**(1,021,493)**	(788,435)
Cash paid to other creditors and employees		**(661,380)**	(833,132)
Net movement in goods and services tax		**(5,897)**	865
Income tax (payments) / refunds		**3,628**	(2,900)
Net cash inflow / (outflow) from operating activities	5	**165,522**	(47,191)
Cash flows from investing activities			
Interest received		**842**	585
Acquisition of property, plant and equipment		**(22,935)**	(28,539)
Proceeds from sale of property, plant, and equipment		**526**	753
Acquisition of intangible assets		**(728)**	(2,363)
Livestock trading		**117**	855
Acquisition of interest in joint venture		**(441)**	(925)
Net cash outflow from investing activities		**(22,619)**	(29,634)
Cash flows from financing activities			
Receipt of shareholder loan	14	**-**	130,000
Repayment of borrowings		**(179,236)**	-
Receipt of borrowings		**30,020**	35,646
Net movement in working capital facility		**(82,901)**	(27,572)
Interest paid		**(48,883)**	(55,385)
Repayment of lease liabilities		**(6,012)**	(5,916)
Receipt of cash from issue of shares	15	**212,108**	-
Net cash (outflow) / inflow from financing activities		**(74,904)**	76,773
Net movement in cash and cash equivalents		**67,999**	(52)
Cash and cash equivalents at the beginning of the financial year		**10,273**	9,290
Cash and cash equivalents reclassified from held for sale assets		**-**	981
Effects of exchange rate changes on cash and cash equivalents		**5**	54
Cash and cash equivalents at end of year	4	**78,277**	10,273

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

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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 Market Conducts Act 2013 and its financial statements comply with that Act.

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

Certain comparative figures (Note 3 – Expenses) have been reclassified during the year for consistency with the current year presentation. These classifications had no effect on the reported results of operations.

The financial statements were authorised for issue by the Directors on 28 September 2025.

Basis of measurement

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

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.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. 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 property plant and equipment, the assessment of impairment for goodwill, the assessment of the recognition of deferred tax assets and any other intangible assets and the judgement applied in the assessment of the Group's ability to continue as a going concern. The individual notes in the financial statements provide additional information.

Material events and other significant items

Refinancing of debt facilities and shareholder loan

The Group has successfully completed the refinancing of its debt facilities with its existing banking syndicate. The facilities are expected to become available on 30 September 2025 and expire on 30 June 2026. Refer to note 14 for further details around the terms associated with the facilities. These new facilities reflect an optimised banking syndicate structure with significantly reduced debt facilities reflecting a repayment of debt, attributed by trading performance improvement and better cashflow management.

During the year, the Group executed the option to extend the maturity of the $130.0m shareholder loan from Bright Dairy to 12 July 2026. Refer to note 14 for further information on the updated facilities and shareholder loan.

The Group completed a refinancing of its syndicated banking facilities with ANZ Bank, China Construction Bank ("CCB"), Bank of China ("BOC"), Rabobank, Industrial Commercial Bank of China ("ICBC"), HSBC, Bank of Communications ("BOCOM") and Bank of East Asia ("BEA") continuing as members.

Recoverability of tax losses

At balance date, the Group estimates that it has approximately $330.0 million of gross New Zealand tax losses available for use against future taxable profits. The Directors have concluded that these carried forward tax losses should be recognised in the financial statements as a future income tax benefit of $93.0 million recognised as an asset on the statement of financial position as at 31 July 2025. This asset reflects the Group's expectation that it is probable that sufficient future taxable profits will be generated to utilise recognised tax losses having considered the factors that have given rise to the losses and actions the Group have already taken to address these issues. The decision to retain the asset is supported by several factors that demonstrate improving financial resilience and operational momentum.

The reported results for the July 2025 financial year were impacted by a number of one-off costs—such as manufacturing challenges, a power outage at the South Island site, and a loss-making milk contract in the North Island— management have already implemented a range of actions to minimise the risk of such events occurring in the future. In addition, the Group is pursuing an insurance claim for partial recovery of some of these one-off costs as disclosed in note 23. Although this contingent asset is not yet recognised in the financial statements, the insurance recoveries are expected to give rise to tax liabilities in excess of the Group's net deferred tax asset position ($9.6m at the 31 July 2025) during the next financial year.

The planned sale of North Island assets is expected to be earnings accretive on completion and will streamline Group operations. This will allow the Group to focus on its core profitable segments in the South Island. This strategic divestment is progressing and is anticipated to complete in FY26 with proceeds from the sale used to reduce debt. This will have the impact of immediately reducing financing costs, increasing profits and utilising tax losses. The Directors also had regard to the profitability the Group generated in the past when its operations were predominately focused on South Island milk processing activities.

These factors have provided the Board with confidence in the Group's ability to utilise tax losses within an acceptable time period. The Board will continue to monitor the performance of the Company to ensure tax assets are recoverable within a reasonable period.

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.

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Going concern

At 31 July 2025, the Group recorded an after tax loss for the year of $39.8m, operating cash flows of $165.5m, current liabilities exceed current assets by $228.2m, with loans and borrowings of $328.8m due for repayment/refinancing within 12 months. This includes syndicated senior debt of $198.8m and the Bright Dairy shareholder loan of $130.0m.

In preparing these financial statements, the Directors have conducted a comprehensive assessment of certain events, conditions, and related uncertainties.

Material uncertainties previously disclosed

The financial statements for the 2024 financial year disclosed material uncertainties in respect of the Group's ability to maintain access to capital (bank financing) through a requirement to achieve a sufficient reversal of milk supply cessations and demonstrate a marked improvement in 2025 trading performance. It was emphasised that if this was not achieved, there would be a material uncertainty in respect of the Group's ability to access capital, continue operating, and realise its assets and discharge its liabilities in the normal course of business.

The Group has made positive progress in retention of milk supply and improvement of trading performance as described below:

Retention of milk supply

As noted in the 2024 financial statements and Synlait's market updates, a significant majority of Synlait's farmer suppliers had submitted notices of cessation for the supply of raw milk to the Group's South Island operations. The Group's Directors, executive leadership, and milk supply teams were engaged in a process to encourage farmers to withdraw their cessation notices, the majority of which would otherwise take effect on 31 May 2026 for the 2027 financial year (2026/2027 milk season).

To incentivise farmers to withdraw their cessation notices, the Group announced an incentive package comprising a one-off 20 cent per kilogram of milk solids payment (KgMS) to all South Island farmers who were not under a cessation notice at 31 May 2025, and an additional secured milk premium of 10 cents per KgMS payment to all South Island farmers committed to a future with Synlait without a cessation notice as at 31 March 2025 for each of the 2025/2026, 2026/2027 and 2027/2028 seasons.

The response to the incentive package resulted in the significant majority of cessation notices issued to the company being withdrawn. Potential new suppliers expressing interest in supplying Synlait was also strong, with 11 new farms joining Synlait this season (1 June 2025).

The Directors believe that the milk incentive package, a guarantee to (at a minimum) match the industry milk price and advanced rate from the 2025/2026 season will ensure Synlait remains competitive in terms of milk retention. This is also supported by the Group's reduced debt levels and improved trading performance in this financial year.

The Directors acknowledge that there is a small number of outstanding cessation notices. However, this would not materially impact the Group's South Island operations during the 2026/2027 milk season (2027 financial year). There also continues to be extremely strong interest from farms interested in supplying Synlait.

Trading performance

The Group's reported EBITDA has significantly improved by $54.8m compared to the previous financial year result ($4.1m) and operating cash flows have improved by $212.7m. After adjusting for several one-off events, the Group's underlying EBITDA increased to $107.2m and underlying Net Profit After Tax (NPAT) increased to $0.8m. The one-off events impacting the Group's results include manufacturing challenges, an unforeseen power outage at the South Island site during peak season, and the recognition of a loss-making milk sales contract in the North Island.

The improvement in EBITDA and cash flows for the year is attributed to accelerated demand for Advanced Nutrition products, stabilisation of North Island operations, improved foreign exchange performance, and a focus on controlling working capital levels and operating expenditure. In addition, the Group continues to progress new business development opportunities to diversify the customer base of the South Island operations. During the year ended 31 July 2025, revenue increased by 12%, with 3% contributed to sales from new customers.

These results also reflect the resilience of the Group's operations and the ongoing commitment to transparency in financial reporting. The Group remains focused on driving operational improvements and mitigating risks to ensure sustainable profitability and long-term value for our stakeholders.

Access to capital

Looking ahead, the Group's ongoing access to capital, previously disclosed as subject to significant uncertainty, has been strategically managed through the successful renewal of bank facilities for another 9 month term until 30 June 2026, now aligning the facility maturity with that of the $130.0m shareholder loan which will be repaid on 12 July 2026. During the period, the Group met all banking covenants and is forecasting that the new banking covenants will be met over the duration of the financial year. This has provided the Directors with increased confidence in the Group's ability to achieve a successful refinance during the financial year.

The decision to secure these new bank facilities for a 9-month period provides the Group with flexibility to review and optimise its future capital structure at the appropriate juncture. This reflects the Group's desire to continue to repay debt through enhanced trading performance and to access future cash flow required, following the announcement to dispose of its North Island assets. The Board remains confident that these proactive measures, coupled with an improving operational outlook, position the Group well for sustainable long-term growth and continued value creation for all stakeholders.

Despite the progress achieved to date, the Group continues to face uncertainty regarding access to capital, which is expected to persist until there is a demonstrated and sustained improvement in trading performance. This represents a material uncertainty related to events and conditions that could cast doubt on the Group's ability to continue as a going concern. As a result, while there is a risk the Group may not be able to realise its assets or settle its liabilities in the ordinary course of business, this is expected to resolve following completion of the North Island sale and the subsequent refinancing of debt in July 2026. The financial statements do not include any adjustments that might be required should the Group be unable to continue as a going concern.

The Directors are satisfied that the Group will be able to generate sufficient cashflows and have sufficient access to capital (bank financing) to make good on obligations to all creditors including the banking syndicate and farmer suppliers, together with the entry into a binding conditional agreement to sell the North Island assets. While the future will always be uncertain, the progress made to date has provided a sufficient basis for the Directors to conclude that it is appropriate to prepare the Group's annual financial statements on a going concern basis.

Material accounting policies

Accounting policies, accounting estimates and judgements that summarise the measurement basis used and are material 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

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. IFRS 18 is applicable to the Group beginning on 1 August 2027. The Group is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

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

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

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1. Revenue Recognition

Sales of goods

The Group manufactures, processes 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.

	2025 **$'000**	2024 $'000
Products sales	**1,827,415**	1,636,858
	1,827,415	1,636,858

2. 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 is an aggregation of the Group's Synlait North Island and Synlait South Island CGUs which have similar production processes, composition of 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.
- 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 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)**
Impairment of non-current assets	**-**	**-**	-	**-**
Income tax benefit / (expense)	**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**

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2. Segment Reporting (continued)

	31 July 2024			
	Synlait $'000	**Dairyworks $'000**	**Eliminations $'000**	**Total $'000**
External revenue	1,344,081	292,777	**-**	1,636,858
Inter-segment revenue from sale of goods	2,559	-	(2,559)	-
Revenue from sale of goods	1,346,640	292,777	(2,559)	1,636,858
Net (loss) / profit after tax for the period	(189,918)	7,807	**-**	(182,111)
Finance income	585	-	-	585
Finance expenses	(43,415)	(4,274)	-	(47,689)
Depreciation and amortisation	(57,596)	(6,128)	-	(63,724)
Impairment of non-current assets	(114,564)	-	-	(114,564)
Income tax (expense) / benefit	59,515	(3,874)	**-**	55,641
Total assets	1,370,538	123,477	**-**	1,494,015
Total liabilities	(819,582)	(69,635)	**-**	(889,217)
Net assets	550,956	53,842	**-**	604,798

(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 2025	**31 July 2024**
China	10 %	8 %
Rest of Asia	30 %	19 %
Middle East and Africa	2 %	4 %
New Zealand	46 %	54 %
Australia	4 %	7 %
Rest of World	8 %	8 %
Total	100 %	100 %

All Group non-current assets are in New Zealand.

(d) Major customers

Revenues of 55% (2024: 44%) are derived from the top three external customers.

3. Expenses

	2025 $'000	2024 (re-presented) $'000
Profit before income tax includes the following specific expenses:		
Impairment	**-**	114,564
Depreciation and amortisation	**57,038**	63,724
Employee and contractor costs	**159,588**	163,263
Energy costs	**32,499**	28,818
Freight	**12,427**	21,555
Milk transport	**21,330**	28,365
Repairs and maintenance	**20,240**	16,596
Consultancy, legal, and transaction costs	**2,824**	14,020
Increase in inventory provision	**13,741**	16,765
Increase / (decrease) in onerous contract provision	**1,513**	(1,111)
Insurance	**9,219**	9,200
Director fees	**739**	764
Information services and subscriptions	**11,179**	10,525
One-off costs*	**44,576**	21,170

*FY25 one-off costs primarily relate to largely resolved manufacturing challenges and expenses associated with the North Island divestment transaction. In FY24, one-off costs were mainly attributable to supply chain issues and transaction-related expenses.

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	2025 $'000	2024 $'000
(a) Assurance services		
Audit services		
Audit of financial reports - KPMG	**890**	-
Audit of financial reports - PwC	**-**	789
Total remuneration for audit services	**890**	789
Other assurance services		
Other assurance - PwC	**-**	352
Other assurance - KPMG	**130**	-
Total remuneration for other assurance services	**130**	352
Total remuneration for assurance services	**1,020**	1,141
(b) Advisory services		
Consulting - PwC	**-**	10
Total remuneration for advisory services	**-**	10

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4. Cash & 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.

	2025 $'000	2024 $'000
Cash on hand	**78,277**	10,273
	78,277	10,273

5. Reconciliation of Loss After Income Tax to Net Cash Outflow From Operating Activities

	2025 $'000	2024 $'000
Loss for the year	**(39,822)**	(182,111)
Non-cash and non-operating items:		
Depreciation and amortisation of non-current assets	**50,561**	55,905
Depreciation of right-of-use assets	**6,478**	7,819
Gain on disposal of property, plant and equipment	**(291)**	(381)
Gain on derecognition of lease	**-**	(286)
Impairment of assets	**-**	114,564
New Zealand Units surrendered	**-**	2,785
Gain on sale of New Zealand Units	**4,466**	-
Non-cash share based payments expense / (recovery)	**(509)**	385
Interest costs classified as financing cash flow	**39,721**	47,690
Interest received classified as investing cash flow	**(842)**	(585)
Loss on derecognition of financial assets	**9,162**	7,916
Deferred tax movement	**(14,522)**	(53,589)
Loss / (gain) on derivative financial instruments	**1,000**	(54)
Unrealised foreign exchange gain	**(5)**	(56)
Livestock trading	**(119)**	(854)
Gain on revaluation of biological assets	**(1,613)**	(445)
Movements in working capital:		
Decrease / (increase) in trade and other receivables	**49,938**	(52,601)
Increase / (decrease) in prepayments	**13,965**	(16,038)
(Increase) / decrease in inventories	**(71,716)**	92,804
Decrease in goods and services tax refundable and other current assets	**(5,897)**	865
Increase / (decrease) in trade and other payables	**121,956**	(65,972)
Increase / (decrease) in current tax assets	**3,611**	(4,952)
Net cash inflow / (outflow) from operating activities	**165,522**	(47,191)

6. Trade & 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 on a quarterly basis 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 as well as 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 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 in accordance with the contractual payment terms, 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.

In the past eight financial years, the Group has not written off any bad debts, although it has recognised provisions for debts when collection was considered doubtful. The historical analysis of bad debts on a customer basis assists in the determination of any increases in credit risk since initial recognition. There are no significant credit risk concentrations as at 31 July 2025. Five customers represent 64% of the overdue receivables. There were no other forward-looking indicators to indicate increases in credit risk.

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.

The Group has not changed its overall strategy regarding the management of risk from 2025.

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6. Trade & Other Receivables (continued)

	2025 $'000	2024 $'000
Trade receivables	**62,128**	101,141
Provision for doubtful and impaired receivables	**(4,302)**	(2,815)
Net trade receivables	**57,826**	98,326
Other receivables	**37,159**	46,596
Total receivables	**94,985**	144,922

The reduction in other receivables is predominantly due to amounts receivable in relation to customer disputes which have been settled in FY25.

(a) Impaired receivables

As at 31 July 2025, trade receivables of $7.3m were overdue (2024: $20.3m). These relate to several independent customers for whom there is no recent history of default. The majority has since been collected except for $0.5m which remains unpaid and is expected to be collected in the 2026 financial year.

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

	2025 $'000	2024 $'000
Overdue by		
0 to 30 days	**5,055**	10,026
30 to 60 days	**1,687**	338
Over 60 days	**565**	9,891
Total overdue trade receivables	**7,307**	20,255

(b) Allowance for bad and doubtful receivables

The Group has recognised $1.6m losses in relation to provisions raised for potentially unrecoverable trade receivables during the year (2024: $nil). The Group has also recognised a loss of $0.2m for estimated receivables impairment under NZ IFRS 9 Financial Instruments (2024: $0.2m).

(c) Trade and other receivables

Accounts receivable are amounts incurred in the normal course of business.

(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 assess the terms of the agreements and has determined that substantially all the risks and rewards have been transferred to the banks. 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 $147.0m of receivables assigned as at 31 July 2025 (2024: $139.2m).

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 $9.2m (2024: $7.9m) arising from derecognition of assigned receivables is the discount paid to the banks for acquiring these receivables.

7. 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.

	2025 $'000	2024 $'000
Raw materials		
Raw materials at cost	**134,434**	94,262
Raw materials at net realisable value	**689**	189
	135,123	94,451
Work in progress		
Work in progress at cost	**26,007**	41,638
Work in progress at net realisable value	**6,683**	5,767
	32,690	47,405
Finished goods		
Finished goods at cost	**72,107**	63,825
Finished goods at net realisable value	**41,498**	4,021
	113,605	67,846
Total inventories	**281,418**	209,702

8. Trade & 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.

	2025 $'000	2024 $'000
Trade payables	**191,377**	100,072
Accrued expenses	**172,909**	139,188
Employee entitlements	**14,055**	18,636
Total trade and other payables	**378,341**	257,896

Payables denominated in currencies other than the functional currency comprise NZD $43.4m (2024: NZD $11.4m) of USD, EUR, GBP, RMB, SGD, and AUD denominated trade payables and accruals.

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9. Property, Plant & 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.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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 is 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 is 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.

	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 2023	**55,415**	**325,892**	**827,667**	**24,662**	**52,417**	**1,286,053**
Additions	-	-	-	-	29,836	29,836
Reclassification / transfer	-	7,712	41,021	4,087	(52,820)	-
Disposals	-	(193)	(2,527)	(663)	-	(3,383)
Impairment	(5,523)	(28,770)	(56,102)	(1,645)	-	(92,040)
Transfer from assets held for sale	1,350	4,614	21,186	3,965	2,170	33,285
Balance as at 31 July 2024	**51,242**	**309,255**	**831,245**	**30,406**	**31,603**	**1,253,751**
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**
Accumulated depreciation						
Balance as at 1 August 2023	**-**	**49,461**	**228,950**	**14,646**	**-**	**293,057**
Depreciation (note 3)	-	7,514	37,268	2,860	-	47,642
Disposals	-	(190)	(2,889)	(1,266)	-	(4,345)
Transfer from assets held for sale	-	1,079	6,851	1,024	-	8,954
Balance as at 31 July 2024	**-**	**57,864**	**270,180**	**17,264**	**-**	**345,308**
Balance as at 1 August 2024	**-**	**57,864**	**270,180**	**17,264**	**-**	**345,308**
Depreciation (note 3)	-	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**

(a) Impairment

During the period, property, plant, and equipment was examined and there were no indicators for a further impairment. In 2024: $92.0m impairment charge was recognised to reflect the write down of select assets to the higher of their fair value less costs of disposal (FVLCOD) and value in use through the Group's CGU impairment testing process.

During the financial year ended 31 July 2025, the Group conducted impairment testing on its South Island and North Island Synlait cash generating units (CGUs). This was prompted by a significant difference observed between the Group’s market capitalisation and its net asset value, which served as an indicator of possible impairment. In addition, the Dairyworks CGU underwent impairment testing due to the allocation of goodwill to this unit.

Based on the assessment, that the recoverable amount for all CGUs exceeded the carrying amount, the carrying values remain appropriate at the reporting date.

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10. 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.

	2025 $'000	2024 $'000
Balance as at 31 July	**4,731**	3,597

As at 31 July 2025 there were 2,297 dairy cows on hand (2024: 2,372). The dairy cows are used for the purposes of producing milk to be utilised in the Group's milk processing operations.

11. 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 (CGU) 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 and loss, and it is not subsequently reversed.

Brands

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 the Group's obligations under the New Zealand Emissions Trading Scheme.

New Zealand Units are classified as current assets due to the expectation they will be utilised by the Group within one year.

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.

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11. Intangible Assets (continued)

	Goodwill $'000	Brands $'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 2023	6,026	-	8,614	77,061	593	10,901	103,195
Additions	-	-	-	-	2,362	-	2,362
Reclassification/transfer	-	-	108	184	(292)	-	-
Disposals	-	-	-	(1,045)	-	-	(1,045)
Surrenders	-	-	-	-	-	(2,785)	(2,785)
Transfer to assets held for sale	58,163	16,569	92	1,363	-	-	76,187
Impairment charge	(6,026)	-	(41)	(7,886)	-	-	(13,953)
Balance 31 July 2024	**58,163**	**16,569**	**8,773**	**69,677**	**2,663**	**8,116**	**163,961**
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)
Balance 31 July 2025	**58,163**	**16,569**	**8,684**	**76,118**	**8**	**3,650**	**163,192**
Accumulated amortisation							
Balance as at 1 August 2023			**1,807**	**14,810**	-	-	**16,617**
Amortisation (note 3)			1,678	6,585	-	-	8,263
Disposals			-	(995)	-	-	(995)
Transfer to assets held for sale			47	883	-	-	930
Balance as at 31 July 2024			**3,532**	**21,283**	-	-	**24,815**
Balance as at 1 August 2024	**-**	**-**	**3,532**	**21,283**	**-**	**-**	**24,815**
Amortisation (note 3)	-	-	1,617	5,665	-	-	7,282
Disposals	-	-	(109)	(1,103)	-	-	(1,212)
Balance as at 31 July 2025	**-**	**-**	**5,040**	**25,845**	**-**	**-**	**30,885**
Carrying amounts							
Year ended 31 July 2024							
Current	-	-	-	-	-	5,149	5,149
Non-current	58,163	16,569	5,241	48,394	2,663	2,967	133,997
Closing net book value	**58,163**	**16,569**	**5,241**	**48,394**	**2,663**	**8,116**	**139,146**
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**

During the period, intangible assets were examined and there were no indicators for 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 10.5% 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 41% would also lead to impairment.

However, the results of the impairment test showed that the recoverable amount exceeded the carrying amount by $151.1m. Accordingly, no impairment loss was recognised for the Dairyworks CGU.

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12. Leases

Measurement of right-of-use assets and lease obligations

Right-of-use assets are initially measured 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.

Right-of-use assets	**Buildings $'000**	**Plant and equipment $'000**	**Total $'000**
Cost			
Balance as at 1 August 2023	49,768	1,774	51,542
Additions and acquisitions	601	430	1,031
Disposals	(5,981)	(182)	(6,163)
Impairment	(8,571)	-	(8,571)
Transfer to assets held for sale	16,952	1,440	18,392
Balance as at 31 July 2024	**52,769**	**3,462**	**56,231**
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**
Accumulated Depreciation			
Balance as at 1 August 2023	8,801	537	9,338
Sale and leaseback adjustment	-	-	-
Disposals	(4,552)	(172)	(4,724)
Depreciation (note 3)	7,056	763	7,819
Transfer to assets held for sale	3,961	499	4,460
Balance as at 31 July 2024	**15,266**	**1,627**	**16,893**
Balance as at 1 August 2024	15,266	1,627	16,893
Disposals	-	(197)	(197)
Reassessments and modifications	(38)	-	(38)
Depreciation (note 5)	5,787	691	6,478
Balance as at 31 July 2025	**21,015**	**2,121**	**23,136**
Carrying amounts			
Balance as at 31 July 2024	**37,503**	**1,835**	**39,338**
Balance as at 31 July 2025	**39,427**	**1,450**	**40,877**

Lease obligations	**2025 $'000**	**2024 $'000**
Current	**6,499**	6,327
Non-current	**48,734**	47,752
Total discounted lease obligations	**55,233**	**54,079**

Interest expense on lease obligations for the year ended 31 July 2025 was $3.6m (2024: $3.8m) and is included in finance expense.

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13. Finance Income & 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 are also recognised in the income statement in accordance with NZ IFRS 16.

	2025 $'000	2024 $'000
Finance income		
Interest income on loans and deposits	**842**	585
Total finance income	**842**	585
Finance costs		
Interest and facility fees	**(36,096)**	(43,926)
Capitalised borrowing cost	**-**	247
Interest on leases	**(3,625)**	(4,010)
Total finance costs	**(39,721)**	(47,689)
Loss on derecognition of financial assets	**(9,162)**	(7,916)
Net finance costs	**(48,041)**	(55,020)

14. Loans & 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.

	2025			**2024**		
	Drawn facility amount $'000	**Transaction costs $'000**	**Carrying amount $'000**	Drawn facility amount $'000	Transaction costs $'000	Carrying amount $'000
Working capital facility NZD	**-**	**-**	**-**	26,237	-	26,237
Working capital facility USD	**-**	**-**	**-**	56,664	-	56,664
Revolving credit facility	**141,411**	**(161)**	**141,250**	107,265	(185)	107,080
Retail bonds	**-**	**-**	**-**	180,000	(280)	179,720
Term loan facility	**57,589**	**-**	**57,589**	-	-	-
Shareholder loan	**130,000**	**-**	**130,000**	-	-	-
Current liabilities	**329,000**	**(161)**	**328,839**	370,166	(465)	369,701
Revolving credit facility	**-**	**-**	**-**	61,714	(106)	61,608
Shareholder loan	**-**	**-**	**-**	130,000	(353)	129,647
Non-current liabilities	**-**	**-**	**-**	191,714	(459)	191,255
Total loans and borrowings	**329,000**	**(161)**	**328,839**	561,880	(924)	560,956

(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 Bank, China Construction Bank ("CCB"), Bank of China ("BOC"), HSBC, Rabobank, Kiwibank, Bank of Communications ("BOCOM"), Industrial and Commercial Bank of China ("ICBC") and Bank of East Asia (BEA).

A shareholder loan of $130.0m from the Group's majority shareholder, Bright Dairy, has been extended for a further 12 months. The new maturity date is 12 July 2026.

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 2025.

The Group’s interest bearing loans and borrowing are on floating rates of interest. The nominal interest rate is calculated by adding the BKBM rate for NZD facilities, US SOFR rate for USD facilities and the applicable margin rate. It excludes line fees and swap costs. As at year end the interest was charged at rate between 4.625% to 7.045%.

Subsequent to year end, the Group completed a refinancing of its syndicated banking facilities with ANZ, CCB, BOC, HSBC, Rabobank, BOCOM, ICBC and BEA continuing as members. The terms of the facilities, which are due to become available, on 30 September 2025. The 9-months facilities peak at $350.0m and mature at 30 June 2026.

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15. 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 (2024: $nil). Refer to note 16 for further information.

During the reporting period, the Group issued 384,616,437 common shares in an equity placement to its two largest shareholders, Bright Dairy and The a2 Milk Company. The equity placement was conducted under terms approved by the shareholders at a Special Shareholders' Meeting held on 18 September 2024, with new ordinary shares issued to Bright Dairy Holding Limited and The a2 Milk Company at agreed issue prices. This issuance was pursuant to shareholder resolutions and complied with all relevant NZX listing rules and the Takeovers Code.

	2025	2024	**2025**	2024
	Shares	Shares	**$'000**	$'000
(a) Share capital				
Ordinary shares				
On issue at beginning of period	**218,581,661**	218,581,661	**464,774**	464,774
Shares issued during period	**384,616,437**	-	**212,107**	-
On issue at end of period	**603,198,098**	218,581,661	**676,881**	464,774

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 policy 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 2025 financial period was (7.39) cents (2024: (83.31) cents). Diluted EPS for the 2025 financial period was (7.39) cents (2024: (83.31) cents). Weighted average shares outstanding for the 2025 financial period was 538,919,735 (2024: 218,581,661). Weighted average shares outstanding, adjusted for potentially dilutive shares for the 2025 financial period was 538,919,735 (2024: 219,187,046).

16. 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.

For PSRs granted during the 2023 financial year and previously, settlement occurs via conversion into ordinary shares. 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 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.

Grants Prior to Financial Year 2025:

- PSRs are split 50% as TSR Rights and 50% as Earnings Per Share Rights ("EPS Rights").
- Both TSR and EPS Rights vest using progressive scales.
- For TSR Rights, 50% vests if Synlait's TSR is at or above the 50th percentile of the peer group for the period, scaling up to 100% vesting at or above the 75th percentile.
- The TSR Peer Group is determined at the grant date.
- For EPS Rights, 50% vests if EPS equals a Board-approved target, scaling up to 100% if EPS meets or exceeds the target plus 10%.

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.

	2025	2024
Outstanding 1 August	**1,638,673**	637,247
Granted during the year	**1,796,915**	1,051,339
Forfeited during the year	**(1,196,287)**	(49,913)
Exercised during the year	**-**	-
	2,239,301	1,638,673

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17. Reserves & Retained Earnings

(a) Retained earnings

Movements in retained earnings were as follows:

	2025 $'000	2024 $'000
Balance 1 August	**145,675**	327,786
Net loss for the year	**(39,822)**	(182,111)
Balance 31 July	**105,853**	145,675

(b) Nature and purpose of reserves

(i) *Cash flow hedge reserve*

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.

(ii) *Employee benefits reserve*

The current year movement in the employee benefits reserve of ($0.5m) (2024: $0.4m) is comprised of the cumulative share based payment expense for share options not yet vested of ($0.4m) (2024: $0.5m) and vesting/lapsing of rights during the period of ($0.1m) (2024: ($0.1m)) and related movements in deferred tax balances of ($0.2m) (2024: ($nil)).

(c) Dividends

No dividends were declared by the Group during the year.

18. 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 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 2025, the Group has hedged 53% of its exposure to forecast foreign exchange risk on USD sales. As at 31 July 2025, the Group has hedged 100% of its exposure to forecast foreign exchange risk on USD purchases. As at 31 July 2025, the Group has hedged 29% of its exposure to forecast foreign exchange risk on AUD sales. 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 to the extent of the cover taken. The policy requires the Group to hedge 50% to 90% of its exposure to interest rate risk that matures within 1 year, 30% to 80% of the risk that matures between 2 and 3 years, and 0% to 50% of the risk that matures between 4 and 7 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 Groups earnings and milk price by eroding selling prices and increasing input costs.

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18. Financial Risk Management (continued)

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 credit worthiness. 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 also retains all the late payment risk in the derecognition of financial assets, as described in note 6.

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:

	2025				2024			
	USD $'000	**AUD $'000**	**EUR $'000**	**RMB $'000**	USD $'000	AUD $'000	EUR $'000	RMB $'000
Trade receivables	**21,100**	**5,326**	**707**	**15,235**	72,993	2,407	363	20,019
Trade payables	**(8,449)**	**(1,477)**	**(225)**	**(1,179)**	(1,669)	(453)	(173)	(790)
Working capital facility	**-**	**-**	**-**	**-**	(33,735)	-	-	-
Total	**12,651**	**3,849**	**482**	**14,056**	37,589	1,954	190	19,229

The Group's exposure to foreign currency in the period ended 31 July 2025 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.

	2025		2024	
	Weighted average exchange rate	**Nominal balance $'000**	Weighted average exchange rate	Nominal balance $'000
USD				
Exports				
Less than 1 year	**0.5909**	**423,750**	0.6007	391,500
1 to 2 years	**0.5697**	**18,000**	0.6059	150,000
Imports				
Less than 1 year	**0.5962**	**(48,620)**	0.6094	(18,791)
1 to 2 years	**0.6087**	**(1,313)**	-	-
Options	**-**	**-**	-	-
Less than 1 year	**0.6200**	**10,000**	0.5915	5,000
1 to 2 years	**-**	-	-	-
AUD				
Exports				
Less than 1 year	**0.9200**	**8,000**	0.9108	10,772
CNH				
Exports				
Less than 1 year	**4.1016**	**97,000**	-	-
1 to 2 years	**4.1562**	**18,000**	-	-

(ii) ***Interest rate risk***

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

	2025		2024	
	Weighted average interest rate %	**Nominal balance $'000**	Weighted average interest rate %	Nominal balance $'000
Less than 1 year	**4.47 %**	**45,000**	4.37 %	50,000
1 to 2 years	**4.73 %**	**35,000**	4.47 %	45,000
2 to 3 years	**4.70 %**	**20,000**	4.73 %	35,000
3 to 4 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.

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18. Financial Risk Management (continued)

(iii) ***Sensitivity analysis***

The sensitivity analysis below has been determined based on the mark to market impact on financial instruments of changing interest and foreign exchange rates at balance date. The analysis is prepared assuming the amount of the financial instrument outstanding at the balance sheet date was outstanding for the whole year, and by adjusting one input whilst keeping the others constant.

	Post-tax impact on the income statement		Post-tax impact on cash flow hedge reserve (equity)	
	2025 $'000	**2024 $'000**	**2025 $'000**	**2024 $'000**
100 basis point increase in interest rate	**(2,649)**	(3,803)	**681**	757
100 basis point decrease in interest rate	**2,649**	3,803	**(699)**	(782)
Foreign exchange rates				
5% increase in exchange rate	**(1,020)**	(2,403)	**40,654**	17,306
5% decrease in exchange rate	**1,127**	2,656	**(27,963)**	(18,958)

(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 is reported below.

	Less than 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
As at 31 July 2025					
Working capital facility	-	-	-	-	-
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
As at 31 July 2024					
Working capital facility	82,901	-	-	-	82,901
Trade and other payables	257,896	-	-	-	257,896
Loans and borrowings	287,265	191,714	-	-	478,979
Derivative financial instruments	8,385	4,044	409	-	12,838
Lease liabilities	6,327	6,367	20,633	20,752	54,079
Total	642,774	202,125	21,042	20,752	886,693

Cash flow hedges

The Group enters into cash flow hedges of highly probable forecast transactions and firm commitments, as described in 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
	$'000	**Assets NZD'000**	**Liabilities NZD'000**	**Intrinsic value NZD'000**	**NZD'000**
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 (CNH)	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**
31 July 2024					
Foreign exchange risk					
Foreign exchange contracts (USD)	527,709	3,245	(11,922)	(8,677)	(8,677)
Foreign exchange contracts (AUD)	10,772	11	(61)	(50)	(50)
Interest rate risk					
Interest rate swaps (NZD)	50,000	172	(856)	(684)	(684)
Total		3,428	(12,839)	(9,411)	(9,411)

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.

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18. Financial Risk Management (continued)

	2025		2024	
Effects of cash flow hedges on 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	**17,404**	**-**	(4,062)	-
Interest rate risk				
Interest rate swaps (NZD)	**(429)**	**-**	(1,339)	-
Commodity price risk				
Dairy commodity futures	**(11)**	**-**	-	-
Total	**16,964**	**-**	(5,401)	-

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

	2025 $'000	2024 $'000
Opening balance	**(6,814)**	(2,924)
Movements attributable to cash flow hedges:		
Change in value of effective derivative hedging instruments	**15,996**	(33,694)
Reclassifications to the income statement as hedged transactions occurred	**968**	28,293
Tax (expense) / credit	**(4,750)**	1,511
Total movement	**12,214**	(3,890)
Closing balance	**5,400**	(6,814)

19. 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) Financial instruments at amortised cost

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, restricted 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 and 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.

(ii) Financial instruments at fair value through other comprehensive income ("FVOCI")

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.

(iii) Financial instruments at fair value through profit or loss ("FVPL")

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.

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19. Financial Instruments (continued)

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, with the exception of retail bonds, 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, with the exception of the retail bonds, which are included in level 1. The retail bonds are listed instruments on the NZDX and the Group is satisfied there is sufficient trading in these instruments to qualify as an active market.

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 6. 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) Hedge accounting
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.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are 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 classified 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 option 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.

(a) Financial instruments by category

Financial assets

	At amortised cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000
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
At 31 July 2024				
Cash and cash equivalents	10,273	-	-	10,273
Derivative financial instruments	-	-	3,428	3,428
Trade and other receivables	117,047	-	27,875	144,922
Investments in equity	-	1,860	-	1,860
Total	127,320	1,860	31,303	160,483

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19. Financial Instruments (continued)

Financial liabilities

	At amortised cost $'000	At fair value through profit or loss $'000	Total $'000
At 31 July 2025			
Derivative financial instruments	-	8,770	8,770
Working capital facility	-	-	-
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
At 31 July 2024			
Derivative financial instruments	-	12,838	12,838
Working capital facility	82,901	-	82,901
Lease liabilities	54,079	-	54,079
Trade and other payables	257,896	-	257,896
Loans and borrowings	478,055	-	478,055
Total	872,931	12,838	885,769

All derivative financial instruments are designated in effective hedge relationships.

20. 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.

New Zealand tax consolidated group
Synlait Milk Limited and its wholly-owned New Zealand controlled entity, 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.

	2025 $'000	2024 $'000
(a) Income tax (expense) / benefit		
Current tax expense:		
Current tax on profit / (loss) for the year	**26**	(11)
Current tax on prior period adjustments	**-**	2,062
	26	2,051
Deferred tax expense:		
Temporary differences	**14,600**	61,589
Changes in tax rates and laws	**-**	(5,728)
Prior year adjustments	**(87)**	(2,271)
Total deferred tax	**14,513**	53,590
Income tax benefit / (expense)	**14,539**	55,641
(b) Reconciliation of effective tax rate		
Profit / (loss) before income tax	**(54,361)**	(237,752)
Income tax using the Group's domestic tax rate - 28%	**15,222**	66,571
Tax exempt income	**-**	892
Non-deductible costs	**(739)**	(6,191)
	14,483	61,272
Prior year adjustments	**(87)**	(209)
Deferred tax credit relating to changes in tax rates and laws	**-**	(5,728)
Other tax effects for reconciliation between accounting profit and tax expense	**143**	306
	56	(5,631)
Income tax expense	**14,539**	55,641

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20. Income Tax (continued)

(c) Imputation credits

	2025 $'000	2024 $'000
Imputation credits available directly and indirectly to the shareholders of the Group	**89,111**	87,268

(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 2025			
Cash flow hedges	16,964	(4,750)	**12,214**
Other comprehensive income	16,964	(4,750)	**12,214**
31 July 2024			
Cash flow hedges	(5,401)	1,511	**(3,890)**
Other comprehensive income	(5,401)	1,511	**(3,890)**

(e) Deferred taxation

	2025 $'000	2024 $'000
The balance comprises temporary differences attributable to:		
Assets		
Tax losses carried forward	**93,045**	66,248
Other items	**4,451**	4,421
Derivatives	**-**	2,650
Lease liabilities	**14,093**	15,485
Total deferred tax assets	**111,589**	88,804
Liabilities		
Property, plant and equipment	**(75,755)**	(63,207)
Derivatives	**(2,100)**	-
Intangible assets	**(15,255)**	(15,303)
Right of use assets	**(8,873)**	(10,481)
Total deferred tax liabilities	**(101,983)**	(88,991)
Total deferred tax	**9,606**	(187)

	Balance 1 Aug 2023 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised directly in equity $'000	Prior year adjustment $'000	Movement relating to discontinued operation $'000	Balance 31 July 2024 $'000
Property, plant and equipment	(74,702)	8,427	-	-	(97)	3,165	(63,207)
Derivatives	1,147	-	1,511	-	-	(8)	2,650
Other items	4,217	346	-	-	(300)	158	4,421
Tax losses carried forward	18,860	49,689	-	-	(2,301)	-	66,248
Intangible assets	(6,134)	(5,433)	-	-	427	(4,163)	(15,303)
Right of use assets	(11,454)	4,485	-	-	-	(3,512)	(10,481)
Lease liabilities	13,381	(1,654)	-	-	-	3,758	15,485
Total	(54,685)	55,860	1,511	-	(2,271)	(602)	(187)

	Balance 1 Aug 2024 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised directly in equity $'000	Prior year adjustment $'000	Movement relating to discontinued operation $'000	Balance 31 July 2025 $'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

(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.

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21. 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.

	2025 $'000	2024 $'000
Equity securities	**110**	110
Interest in joint venture	**2,191**	1,750
Total other investments	**2,301**	1,860

During the period the Group invested a further $0.4m (2024: $0.9m) in AgriZero a public private joint venture which has been established to undertake a portfolio of investments that will help accelerate delivery of biological methane emissions reduction tools to all New Zealand farmers. The Group has committed to investing a further $1.3m in the joint venture.

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**	
			2025 %	2024 %
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	New 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

22. Related Party Transactions

Parent entity

Bright Dairy Holding Limited hold 65.3% of the shares issued by Synlait Milk Limited (2024: 39.0%). 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.

Other related entities

On 1 October 2024, Synlait Milk Limited issued 308,333,333 new shares to Bright Dairy Holding Limited under a placement approved at a special shareholder meeting on 18 September 2024, increasing Bright Dairy's shareholding from 39.0% to 65.3% for a total consideration of NZD 185.0m (NZD 0.60 per share).

Key management and 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 2025. The total short-term benefits paid to the key management and personnel is set out below.

	2025 $'000	2024 $'000
Short term benefits	**6,007**	8,157
Share based payments expenses (note 16)	**(536)**	385

(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, are set out below.

(i) Loans to directors

There were no loans to directors issued during the period ended 31 July 2025 (2024: $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 (2024: 0.0%).

(iii) Shareholder loan

On 14 July 2024, The Group obtained a loan from its majority shareholder, Bright Dairy, which was fully drawn as at 31 July 2024 of $130.0m. The Group also has the option to extend the term of the loan by 1 year. During 2025 Synlait extended the $130.0m shareholder loan for a further 12 months. The loan's new maturity date is 12 July 2026.

(b) Transactions with related parties

	2025 $'000	2024 $'000
Purchase of goods and services		
Bright Dairy and Food Co Ltd - Directors fees	**268**	263
Sale of goods and services		
Bright Dairy and Food Co Ltd - sale of dairy products	**499**	1,849
Financial cost		
Bright loan interest	**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:

	2025 $'000	2024 $'000
Current receivables (sales of goods and services)		
Bright Dairy and Food Co Ltd - reimbursement of costs	**(811)**	(890)
Bright Dairy and Food Co Ltd - interest payable	**(2,898)**	(569)

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23. Contingencies

Following the one-off events which occurred in the financial year, the company submitted an insurance claim to its insurer for the recovery of losses incurred. The insurer has formally accepted the claim. However, as at 31 July 2025, the timing and final amount of the reimbursement remain subject to further assessment and settlement procedures.

Accordingly, while management considers the inflow of economic benefits to be probable, it is not yet virtually certain, and no asset has been recognised in the financial statements. The company will recognise the reimbursement as an asset when it becomes virtually certain that the claim will be settled and paid.

No other significant contingent liabilities are outstanding at balance date (2024: $nil).

24. Commitments

(a) Capital commitments

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

	2025 $'000	2024 $'000
Capital expenditure	**633**	2,666

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

25. Events Occurring After the Reporting Period

Refinancing

Refer to the "Material events and other significant items" section of these notes for further information.

North Island asset sales

On 28 September 2025, the Company entered into a binding conditional agreement to sell its North Island assets. These are primarily the Pokeno manufacturing facility, along with the company's Auckland sites (a blending and canning facility on Richard Pearse Drive and the warehouse facility on Jerry Green Street), and associated assets, leasehold agreements and inventory.

The sale is subject to various conditions, including Abbott obtaining consent under the Overseas Investment Act 2005 and Synlait obtaining shareholder approval. Its majority shareholder, Bright Dairy has confirmed it will vote in favour of the transaction.

The sale is expected to conclude on 1 April 2026. The Company expects to receive approximately US$178.0m in purchase consideration for the North Island assets. These amounts are provisional and subject to post-closing and other completion adjustments.

26. Other Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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 financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

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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 2025;
- the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, 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 28 to 51 present fairly in all material respects:
- the Group's financial position as at 31 July 2025 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 GHG 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.

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Document classification: **KPMG Public**

Material uncertainty related to going concern

We draw attention to the "Going Concern" note, included in the "Material events and other significant items" section on pages 31 and 32 in the consolidated financial statements. The conditions in the "Going Concern" note, indicate 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, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Reviewing the work papers of the predecessor auditor to understand the assumptions underlying the presentation of the 2024 financial statements on a going concern basis.
- Evaluating management's cash flow forecasts covering the period to 30 September 2026, including assumptions related to operating performance, divestment proceeds, and debt repayment.
- Reviewing documentation related to the planned divestment, including sale agreements and board approvals.
- Assessing the company's recent operating and financial performance and its impact on refinancing and divestment prospects.
- Reviewing correspondence with lenders and assessing the company's ability to meet its obligations in the absence of divestment proceeds.
- Discussions with representatives of the majority shareholder of the Group, regarding the related party loan provided and future intentions in relation to this funding.
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

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 $5.1m 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.

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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 North Island Cash Generating Unit (CGU)

Refer to Note 9 to the financial statements.

The impairment assessment of North Island CGU was identified as a Key Audit Matter due to the significant complexity, subjectivity, and estimation uncertainty involved in determining the recoverable amounts. This process requires management to make critical judgments and assumptions, including estimating future cash flows, applying appropriate discount rates, and forecasting growth rates.

These assumptions are inherently uncertain and highly sensitive to changes in economic and industry conditions. Such changes, including adverse market trends or deteriorating economic conditions, can significantly impact the recoverable amounts of the CGU and create a higher risk of material misstatement in the financial statements.

Furthermore, these judgments have a direct effect on the presentation of the financial performance and position of the entity, which are key factors in the decisions of the Group's stakeholders.

Our audit procedures included:

- We evaluated management's identification of CGUs and the allocation of assets, liabilities, and goodwill to these CGUs for compliance with the applicable financial reporting framework.
- We assessed the appropriateness of the valuation methodology used to determine recoverable amounts, ensuring compliance with the requirements of applicable accounting standards (e.g., IAS 36, Impairment of Assets).
- In conjunction with our valuation specialists, we assessed the reasonableness of the assumptions used by management for the North Island CGU/assets, including:
  - Forecasted future cash flows, by comparing them to historical results, business plans, and external market data.
  - The discount rates, by independently evaluating the methodology and significant inputs used to derive these rates, and benchmarking them against industry norms.
  - Long-term growth rates, by comparing them to market trends and available macroeconomic data.
- We performed sensitivity analyses on key assumptions to assess the potential impact of reasonably possible changes on the recoverable amounts and evaluated whether adequate disclosures have been included in the financial statements in this regard.
- Where applicable, we verified the mathematical accuracy of the impairment models used by management.
- We discussed with management the status of discussions around the divestment of the North Island CGU, including the likely proceeds should the transaction complete.

Our findings:

We completed the above procedures and have no matter to report.

The key audit matter

How the matter was addressed in our audit

Recoverability of deferred tax assets (DTA)

Refer to Note 20 and the "Material events and other significant items" section on page 31 to the financial statements.

The recoverability of deferred tax assets (DTA) is a Key Audit Matter due to the significant judgement and estimation required by management in assessing whether sufficient future taxable profits will be available to justify the recognition of the DTA. This involves complex and inherently uncertain assumptions about future financial performance, including the timing and extent of future taxable profits, particularly given the group's recent history of losses, unstable profitability, and operational challenges.

A total of $93.1m of DTA is recognised on the balance sheet in relation to tax losses carried forward, which represents a material balance to the financial statements.

Uncertainty is heightened by the sale of the North Island assets, which is expected to have a material impact on the future financial performance as this CGU has been a significant contributor to the group's historical losses.

Given these factors, there is a heightened risk of material misstatement in the financial statements due to the potential non-recoverability of the DTA.

This is a critical area for stakeholders, as it directly

Our audit procedures included:

- We evaluated management's assessment of the recoverability of the DTA, including their estimate of future taxable profits and consideration of the impact of the North Island assets sale.
- We reviewed management's cash flow projections and profit forecasts, assessing their consistency with business plans, past performance, and the economic factors relevant to the group's operations.
- We analysed the assumptions underlying the forecasts, including revenue growth rates, cost-saving measures from operational excellence initiatives, and their feasibility given the group's recent performance.
- We assessed the appropriateness of management's determination of the periods over which taxable profits are expected to arise and ensured the forecasts were not overly optimistic given the group's history of losses and unstable profitability.
- We evaluated the application of tax laws and regulations to the group's forecasts, ensuring the timing and availability of tax benefits were appropriately considered.
- We performed sensitivity analyses to understand the effect of reasonably possible changes in key assumptions, such as profitability, on the recoverability of the DTA.
- We assessed whether adequate disclosures were included in the financial statements regarding the estimation uncertainties and judgments related to the DTA recoverability.

Our findings:

We completed the above procedures and have no matter to report.

The key audit matter	How the matter was addressed in our audit
impacts the group's financial position and profitability presentation.	

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. The other information we obtained prior to the date of this auditor's report comprised the information included in the annual report, excluding the Sustainability Report 2025, which forms part of the Annual Report, but will be published at a later date.

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.

When we read the Sustainability Report 2025, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

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.

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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

29 September 2025

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B Corp™ Certified

Synlait's commitment to elevating people and planet to the same level as profit was recognised in June 2020 when it became part of the B Corp™ community.

B Corp™ is a community of leaders driving a global movement of people using business as a force for good.

Certified B Corporations™ consider the impact of their decisions on their workers, customers, suppliers, community, and the environment.

B Corp™ resonates strongly with Synlait's purpose of *Doing Milk Differently For A Healthier World*.

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