

Synlait Milk Limited
Condensed Interim Financial Statements
for the six months ended 31 January 2026

Synlait Milk Limited

Contents

	Page
Directors' responsibility statement	2
Condensed interim financial statements	
Income statement	3
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes to the condensed interim financial statements	
1 Reporting entity	8
2 Basis of preparation of interim financial report	8
3 Held for sale assets and discontinued operations	10
4 Segment reporting	11
5 Expenses	13
6 Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities	14
7 Trade and other receivables	14
8 Inventories	14
9 Property, plant and equipment	15
10 Intangible assets	15
11 Loans and borrowings	15
12 Share capital	16
13 Related party transactions	16
14 Contingencies	17
15 Commitments	17
16 Events occurring after the reporting period	17
Interim review report	18

Directors' responsibility statement

The Directors are pleased to present the condensed interim financial statements of Synlait Milk Limited and its subsidiaries (together the Group) as set out on pages 3 to 17 for the six months ended 31 January 2026.

The Directors are responsible for ensuring that the condensed interim financial statements present fairly the financial position of the Group as at 31 January 2026 and the financial performance and cash flows for the six months ended on that date.

The Directors consider that the condensed interim 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 condensed interim financial statements with the Financial Markets Conduct Act 2013.

For and on behalf of the Board.



George Adams
Chair of the Board
23 March 2026



Yi (Julia) Zhu
Chair of the Audit and Risk Committee
23 March 2026

Synlait Milk Limited
Income statement
For the six months ended 31 January 2026

Income statement

For the six months ended 31 January 2026

		Period ended		Year ended
		31 January	31 January	31 July
		2026	2025	2025
		Unaudited	Unaudited	Audited
	Notes	\$'000	\$'000	\$'000
Revenue		777,581	779,022	1,590,160
Cost of sales	5	(778,995)	(684,490)	(1,478,777)
Gross profit		(1,414)	94,532	111,383
Other (loss) / income		(4,336)	1,223	9,526
Sales and distribution expenses	5	(19,053)	(17,831)	(48,490)
Administrative and operating expenses	5	(27,386)	(27,623)	(54,517)
Earnings / (loss) before net finance costs and income tax		(52,189)	50,301	17,902
Finance expenses		(11,489)	(18,926)	(33,086)
Finance income		198	402	694
Loss on derecognition of financial assets		(2,638)	(3,685)	(7,719)
Net finance costs		(13,929)	(22,209)	(40,111)
Profit / (loss) before income tax		(66,118)	28,092	(22,209)
Income tax (expense) / benefit		(5,751)	(8,454)	5,536
Net profit / (loss) after tax for the period		(71,869)	19,638	(16,673)
(Loss) / profit from discontinued operations	3	(8,759)	(14,830)	(23,149)
(Loss) / profit for the period		(80,628)	4,808	(39,822)
Earnings / (loss) per share				
Basic earnings per share (cents)		(13.37)	1.01	(7.39)
Diluted earnings per share (cents)		(13.37)	1.01	(7.39)
Attributable to continuing operations:				
Basic earnings per share (cents)		(11.91)	3.56	(3.55)
Diluted earnings per share (cents)		(11.91)	3.56	(3.55)
Attributable to discontinuing operations:				
Basic earnings per share (cents)		(1.45)	(2.46)	(3.84)
Diluted earnings per share (cents)		(1.45)	(2.46)	(3.84)

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

Synlait Milk Limited
Statement of comprehensive income
For the six months ended 31 January 2026

Statement of comprehensive income

For the six months ended 31 January 2026

	Period ended	Year ended	
	31 January	31 July	
	2026	2025	
	Unaudited	Audited	
	\$'000	\$'000	
Profit / (loss) for the period	(80,628)	4,808	(39,822)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Effective portion of changes in fair value of cash flow hedges	13,015	(34,258)	16,964
Exchange differences on translation of foreign operations	35	48	(2)
Income tax on other comprehensive income	(3,644)	9,592	(4,750)
Total items that may be reclassified subsequently to profit and loss	9,406	(24,618)	12,212
Other comprehensive income for the period, net of tax	9,406	(24,618)	12,212
Total comprehensive (loss) / income for the period	(71,222)	(19,810)	(27,610)
Total comprehensive (loss) / income for the year is attributable to:			
Continuing operations	(62,463)	(4,980)	(4,461)
Discontinued operations	(8,759)	(14,830)	(23,149)
	(71,222)	(19,810)	(27,610)

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

Synlait Milk Limited
Statement of changes in equity
For the six months ended 31 January 2026

Statement of changes in equity

For the six months ended 31 January 2026

Notes	Share capital \$'000	Employee benefits reserve \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Equity as at 1 August 2024 (Audited)	<u>464,774</u>	<u>1,120</u>	<u>(6,814)</u>	<u>43</u>	<u>145,675</u>	<u>604,798</u>
Profit or (loss) for the period	-	-	-	-	4,808	4,808
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges	-	-	(34,258)	-	-	(34,258)
Exchange differences on translation of foreign operations	-	-	-	48	-	48
Income tax on other comprehensive income	-	-	9,592	-	-	9,592
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>(24,666)</u>	<u>48</u>	<u>-</u>	<u>(24,618)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(24,666)</u>	<u>48</u>	<u>4,808</u>	<u>(19,810)</u>
Issue of new shares	212,107	-	-	-	-	212,107
Employee benefits reserve	-	(437)	-	-	-	(437)
Total contributions by and distributions to owners	212,107	(437)	-	-	-	211,670
Equity as at 31 January 2025 (Unaudited)	<u>676,881</u>	<u>683</u>	<u>(31,480)</u>	<u>91</u>	<u>150,483</u>	<u>796,658</u>
Equity as at 1 August 2025 (Audited)	<u>676,881</u>	<u>611</u>	<u>5,400</u>	<u>41</u>	<u>105,853</u>	<u>788,786</u>
Profit or (loss) for the period	-	-	-	-	(80,628)	(80,628)
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges	-	-	13,015	-	-	13,015
Exchange differences on translation of foreign operations	-	-	-	35	-	35
Income tax on other comprehensive income	-	-	(3,644)	-	-	(3,644)
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>9,371</u>	<u>35</u>	<u>-</u>	<u>9,406</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>9,371</u>	<u>35</u>	<u>(80,628)</u>	<u>(71,222)</u>
Equity as at 31 January 2026 (Unaudited)	<u>676,881</u>	<u>611</u>	<u>14,771</u>	<u>76</u>	<u>25,225</u>	<u>717,564</u>

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

Statement of financial position

As at 31 January 2026

	Notes	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000
ASSETS				
Cash and cash equivalents		32,305	49,041	78,277
Trade and other receivables	7	198,733	181,575	94,985
Intangible assets	10	2,956	4,684	3,650
Goods and services tax refundable		11,528	-	6,195
Prepayments		19,929	13,018	13,810
Inventories	8	423,694	347,112	281,418
Derivative financial instruments		25,803	19	13,716
Current tax receivables		-	2,908	1,623
Assets of a disposal group held for sale	3	296,053	-	-
Other current assets		103	-	-
Total current assets		1,011,104	598,357	493,674
Non-current assets				
Property, plant and equipment	9	601,463	894,351	882,445
Biological assets		4,962	3,537	4,731
Intangible assets	10	67,857	73,859	70,494
Goodwill	10	58,163	58,163	58,163
Other investments		6,081	2,315	2,301
Derivative financial instruments		592	207	1,587
Deferred tax assets		-	6,603	9,606
Right-of-use assets		32,178	36,316	40,877
Other non-current assets		260	-	-
Total non-current assets		771,556	1,075,351	1,070,204
Total assets		1,782,660	1,673,708	1,563,878
LIABILITIES				
Trade and other payables		492,540	334,126	378,341
Loans and borrowings	11	504,438	311,220	328,839
Goods and services tax payable		3,196	3,296	-
Derivative financial instruments		5,515	37,985	8,162
Lease liabilities		6,470	6,447	6,499
Total current liabilities		1,012,159	693,074	721,841
Non-current liabilities				
Loans and borrowings	11	-	129,714	-
Derivative financial instruments		354	6,084	608
Deferred tax liabilities		1,917	-	-
Lease liabilities		46,645	44,577	48,734
Other non-current liabilities		4,021	3,601	3,909
Total non-current liabilities		52,937	183,976	53,251
Total liabilities		1,065,096	877,050	775,092
Net assets		717,564	796,658	788,786
Equity				
Share capital	12	676,881	676,881	676,881
Reserves		15,458	(30,706)	6,052
Retained earnings		25,225	150,483	105,853
Total equity attributable to equity holders of the Group		717,564	796,658	788,786
Total equity and liabilities		1,782,660	1,673,708	1,563,878

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

Synlait Milk Limited
Statement of cash flows
For the six months ended 31 January 2026

Statement of cash flows

For the six months ended 31 January 2026

		Period ended		Year ended
		31 January	31 January	31 July
		2026	2025	2025
		Unaudited	Unaudited	Audited
	Notes	\$'000	\$'000	\$'000
Cash flows from operating activities				
Cash receipts from customers		858,893	894,333	1,850,664
Cash paid for milk purchased		(609,271)	(602,323)	(1,021,493)
Cash paid to other creditors and employees		(434,605)	(310,083)	(661,380)
Net movement in goods and services tax		(5,333)	3,594	(5,897)
Income tax refunds / (payments)		6,945	2,441	3,628
Net cash (outflow) / inflow from operating activities	6	<u>(183,371)</u>	<u>(12,038)</u>	<u>165,522</u>
Cash flows from investing activities				
Interest received		233	484	842
Acquisition of property, plant and equipment		(11,633)	(11,368)	(22,935)
Proceeds from sale of property, plant and equipment		7	159	526
Acquisition of intangible assets		(4,759)	(1,715)	(728)
Acquisition of biological assets		(50)	(41)	-
Proceeds from sale of biological asset		154	258	-
Livestock trading		-	-	117
Acquisition of investment		(1,295)	(455)	(441)
Net cash outflow from investing activities		<u>(17,343)</u>	<u>(12,678)</u>	<u>(22,619)</u>
Cash flows from financing activities				
Repayment of borrowings	11	(340,000)	-	(179,236)
Repayment of subordinated bond		-	(180,000)	-
Receipt of borrowings	11	486,000	71,020	30,020
Net movement in working capital facility	11	26,233	(11,107)	(82,901)
Interest paid		(13,636)	(26,868)	(48,883)
Repayment of lease liabilities		(3,255)	(3,111)	(6,012)
Receipt of cash from issue of shares	12	-	212,108	212,108
Net cash inflow / (outflow) from financing activities		<u>155,342</u>	<u>62,042</u>	<u>(74,904)</u>
Net increase / (decrease) in cash and cash equivalents		(45,372)	37,326	67,999
Cash and cash equivalents at the beginning of the period		78,277	10,273	10,273
Effects of exchange rate changes on cash and cash equivalents		(600)	1,442	5
Cash and cash equivalents at end of the period		<u>32,305</u>	<u>49,041</u>	<u>78,277</u>

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

Notes to the condensed interim financial statements

For the six months ended 31 January 2026

1 Reporting entity

The condensed interim financial statements presented consolidate the financial results of Synlait Milk Limited and its subsidiaries (together the Group).

Synlait Milk Limited is primarily involved in the manufacture and sale of dairy products.

The parent company, Synlait Milk Limited, 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.

2 Basis of preparation of interim financial report

The condensed interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) as appropriate for interim financial statements. They comply with International Accounting Standard 34 (NZ IAS 34) and New Zealand equivalent to International Accounting Standard 34 (NZ IAS 34) Interim Financial Reporting and other applicable financial reporting standards appropriate for profit oriented entities.

These interim financial statements should be read in conjunction with the Group's financial statements for the period ended 31 July 2025.

Synlait Milk Limited is subject to seasonal fluctuations that impact both revenue and production levels. These occur due to changes in product mix decisions from fluctuations in customer demand and in response to the unpredictable nature of milk supply as climatic conditions influence milk supply across the South Island of New Zealand.

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

Going concern

At 31 January 2026, the group recorded a net loss after tax of \$80.6 million, operating cash outflows of \$183.4 million and an excess of assets over liabilities of \$717.6 million. In preparing these financial statements, the Directors have conducted a comprehensive assessment of certain events, conditions and related uncertainties.

The Group's ongoing access to capital, previously disclosed as subject to significant uncertainty, was managed through the renewal of banking facilities for a nine-month term to 30 June 2026. The facility maturities now align closely with the \$130.0 million shareholder loan from Bright Dairy, repayable on 12 July 2026. Bright has preliminarily indicated its future shareholder support, subject to relevant approvals. During and subsequent to the period, the Group has obtained amendments and waivers from the banking syndicate, including deferral of covenant testing and adjusted thresholds to enable it to remain in compliance with the terms of its banking facility. Shareholder support and the initiation of the process to refinance facilities expiring at 30 June 2026, provide the Directors with confidence in the Group's ability to maintain sufficient access to capital.

FY26 year to date performance remains in a loss position. Management expects that, once the North Island asset sale is completed, focus on South Island operations and stable production lines will support a sustained recovery in trading performance in subsequent periods. Completion of the North Island asset sale expected on 1 April 2026 is tracking well against plan and is expected to materially reduce senior debt, and strengthen liquidity.

Provided trading performance improves as expected and the Group has sufficient access to capital, the Directors are satisfied that the Group will be able to generate sufficient cash flows to meet obligations to all creditors, including the banking syndicate, as they fall due.

Notes to the condensed interim financial statements (continued)

Going concern (continued)

While the future will always be uncertain, the progress made to date in securing shareholder support and commencing the refinancing process provides a sufficient basis for the Directors to conclude that it is appropriate to prepare the Group's interim financial statements on a going concern basis. However, despite the progress made, the Group will continue to be subject to material uncertainty in respect of access to capital until there is a demonstrated and sustained improvement in trading performance. This represents a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that may be required if the Group is unable to continue as a going concern.

New accounting policies, standards, interpretations, and amendments 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.

New accounting policies, standards, interpretations, and amendments not yet adopted

NZ IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement. 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.

There are no other standards that are not yet effective which are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Material events and other significant items during the period

Climate Risk

The Group's operations are likely to 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.

Recoverability of Tax Losses

At 31 January 2026, the Group estimates that it has approximately \$422.0 million of gross New Zealand tax losses available for use against future taxable profits. A deferred tax asset of \$93.0 million (gross New Zealand tax losses of approximately \$330.0 million) arising from carried forward tax losses, recognised as at 31 July 2025, continues to be carried in the statement of financial position. No additional deferred tax assets have been recognised in respect of tax losses incurred since that date.

The deferred tax asset remains capped at the level recognised at 31 July 2025 and reflects the Directors' assessment at that time that it was probable that sufficient future taxable profits would be generated to utilise those tax losses.

In assessing the continued recoverability of the recognised deferred tax asset, the Directors have considered the Group's trading performance for the period, actions taken to address operational matters that contributed to prior period losses and updated forecasts. The Group continues to pursue an insurance claim in respect of certain prior period costs which is expected to give rise to taxable income in excess of the Group's net deferred tax asset position.

Notes to the condensed interim financial statements (continued)

Recoverability of Tax Losses (continued)

The planned divestment of North Island assets remains on track and is expected to be earnings accretive on completion, reduce financing costs, and support utilisation of existing tax losses. Based on these factors, the Directors consider that it remains appropriate to continue to recognise the deferred tax asset at its capped amount. The recoverability of tax losses will continue to be monitored in future reporting periods.

3 Held for sale assets and discontinued operations

The North Island CGU, comprising the North Island operations of Synlait Milk Limited, has been classified as a disposal group held for sale. The North Island CGU's financial performance has been presented as profit/(loss) from discontinued operations and all profit and loss note disclosures have been re-presented to exclude the impact of discontinued operations.

A conditional agreement has been signed for the sale of the North Island CGU assets, due for completion on 1 April 2026. The conditional agreement remains subject to the satisfaction of certain customary conditions precedent, including routine commercial consents, which the Directors expect will be satisfied in the ordinary course prior to completion. At 31 January 2026, the fair value less costs of disposal of the North Island CGU was determined to be above the net asset value of the disposal group.

(a) Financial performance and cashflow information

	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000
Revenue	171,448	137,745	237,255
Cost of sales	(166,913)	(145,303)	(243,299)
Other income	720	2,483	4,493
Sales and distribution expenses	(4,925)	(4,405)	(9,778)
Administrative and operating expenses	(6,347)	(6,722)	(12,892)
Net finance costs	(2,742)	(4,395)	(7,930)
Income tax	-	5,767	9,003
Loss / (profit) from discontinued operations	(8,759)	(14,830)	(23,148)
Net cash inflow/outflow			
Net cash (outflow) / inflow from operating activities	(1,481)	(7,558)	(6,043)
Net cash (outflow) / inflow from investing activities	-	(1,172)	(1,172)
Net cash inflow / (outflow) from financing activities	26,878	11,527	(13,917)
Net increase in cash generated by the discontinued operation	25,397	2,797	(21,132)

(b) Disaggregation of assets and liabilities held for sale

The following assets and liabilities were reclassified as held for sale:

	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000
Assets of disposal group classified as held for sale			
Inventories	15,858	-	-
Property, plant and equipment	272,149	-	-
Intangible assets	972	-	-
Right-of-use assets	7,074	-	-
Total	296,053	-	-

4 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 identifies the following segments:

- Synlait: manufacture and sale of liquid milk and milk powder based products (nutritionals, ingredients, fresh milk, and ultra heat treatment ('UHT') milk products). For the current reporting period, the Synlait segment comprises only the Group's South Island operations, with the North Island operations presented as a discontinued operation.

- 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) Disaggregation of financial information by segment

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

	31 January 2026			Total \$'000
	Synlait \$'000	Dairyworks \$'000	Eliminations \$'000	
External revenue	557,499	220,082	-	777,581
Revenue from sale of goods	557,499	220,082	-	777,581
Net profit / (loss) after tax for the period	(80,773)	8,904	-	(71,869)
Finance income	198	-	-	198
Finance expense	(10,095)	(1,394)	-	(11,489)
Loss on derecognition of financial assets	(2,119)	(519)	-	(2,638)
Depreciation and amortisation	(17,520)	(2,653)	-	(20,173)
Income tax benefit / (expense)	(6,001)	250	-	(5,751)
Loss before interest, taxes, depreciation and amortisation	(45,236)	13,220	-	(32,016)
Total assets	1,572,907	209,753	-	1,782,660
Total liabilities	(999,565)	(65,531)	-	(1,065,096)
Total net assets	<u>573,342</u>	<u>144,222</u>	-	<u>717,564</u>

4 Segment reporting (continued)

(c) Geographical revenue

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 by geographical area is summarised below:

	Period ended		Year ended
	31 January 2026 Unaudited	31 January 2025 Unaudited	31 July 2025 Audited
China	18 %	7 %	10 %
Rest of Asia	16 %	20 %	30 %
Middle East and Africa	4 %	4 %	2 %
New Zealand	54 %	59 %	46 %
Australia	8 %	5 %	4 %
Rest of World	- %	5 %	8 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

All Group non-current assets are located in New Zealand (31 January 2025: \$0.1m located in China, 31 July 2025: nil).

(d) Other profit and loss disclosures

Revenues of approximately 36% (31 January 2025: 45%, 31 July 2025: 55%) are derived from the top three external customers.

5 Expenses

	Period ended		Year ended
	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000

Profit before income tax includes the following specific expenses:

Depreciation and amortisation	20,173	20,677	40,509
Employee and contractor costs	88,689	81,743	159,588
Energy costs	18,957	17,573	32,499
Freight	9,902	9,420	12,427
Milk transport	17,889	13,121	21,330
Repairs and maintenance	12,383	9,540	20,240
Consultancy, legal, and transaction costs	3,348	2,397	2,824
Increase / (decrease) in inventory provision	14,194	18,067	13,741
Increase / (decrease) in onerous contracts provision	8,015	(2,680)	1,513
Insurance	4,201	708	9,219
Director fees	352	369	739
Information services and subscriptions	5,794	5,306	11,179
One-off costs	1,806	-	44,576

6 Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities

	Period ended		Year ended
	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000
(Loss) / profit for the period	(80,628)	4,808	(39,822)
Non-cash and non-operating items			
Depreciation and amortisation of non-current assets	20,732	25,660	50,561
Depreciation of right-of-use assets	2,761	3,312	6,478
Loss / (gain) on sale of property, plant and equipment	-	170	(291)
(Gain) / loss on livestock sales	-	(417)	-
Gain on sale of New Zealand Units	-	-	4,466
New Zealand Units surrendered	2,956	3,163	-
Non-cash share based payments expense	-	(437)	(509)
Interest costs classified as financing cash flow	13,782	22,732	39,721
Interest received classified as investing cash flow	(233)	(484)	(842)
Loss on derecognition of financial assets	3,121	4,356	9,162
Deferred tax movement	7,878	2,802	(14,522)
Loss / (gain) on derivative financial instruments	(1,195)	175	1,000
Unrealised foreign exchange (gain) / loss	600	(1,442)	(5)
Loss / (gain) on revaluation of biological assets	(176)	101	(1,613)
Livestock trading	(161)	-	(119)
Movements in working capital:			
(Increase) in trade and other receivables	(103,747)	(36,651)	49,938
Decrease / (increase) in prepayments	(6,119)	14,757	13,965
(Increase) / decrease in inventories	(158,135)	(137,410)	(71,716)
Decrease / (increase) in goods and services tax refundable and other current assets	(5,333)	3,594	(5,897)
Increase / (decrease) in trade and other payables	115,708	76,848	121,956
Decrease / (increase) in current tax asset	4,818	2,325	3,611
Net cash outflow from operating activities	(183,371)	(12,038)	165,522

7 Trade and other receivables

The Group has derecognised trade receivables that have been sold pursuant to the terms of receivables purchase agreements that the Group has entered into with its banks. The Group has assessed the terms of the agreements and has determined that substantially all the risks and rewards have been transferred to the respective banks.

8 Inventories

	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000
	Raw materials at cost	146,839	111,111
Work in progress at cost	40,237	37,903	28,351
Finished goods at cost	256,240	220,947	130,620
Less: Provision for impairment and write-downs of inventory	(19,622)	(22,849)	(14,670)
Total inventories	423,694	347,112	281,418

9 Property, plant and equipment

During the 6 months ended 31 January 2026, \$9.2m was added to capital work in progress and \$4.7m of historical work in progress was capitalised.

The Group assessed the South Island cash generating unit (CGU), along with other CGUs, for indicators of impairment in accordance with NZ IAS 36 – Impairment of Assets. As part of the Group's NZ IAS 36 review, the South Island CGU was subject to a detailed recoverable amount assessment, considering both external and internal sources of information. Key assumptions include the discount rate (WACC), terminal growth rate, forecast cash flows and capital expenditure. The assessment is most sensitive to changes in forecast gross margins, which reflects assessments around the rate of improvement in operating performance and the sales mix the business is able to achieve. No impairment was recognised for the South Island CGU or any other CGU.

10 Intangible assets

During the 6 months ended 31 January 2026, \$0.2m was added to intangible work in progress and \$1.6m of historical work in progress was capitalised, of which \$1.6m was transferred from work in progress for property, plant and equipment.

11 Loans and borrowings

	31 January 2026 Unaudited \$'000	31 January 2025 Unaudited \$'000	31 July 2025 Audited \$'000
Current liabilities			
Working capital facility (syndicated) NZD	-	5,505	-
Working capital facility (syndicated) USD	-	66,289	-
Term loan facility	72,000	64,286	57,589
Revolving credit facility	273,000	175,714	141,250
Loan facility fees	-	(574)	-
Shareholder loan	130,000	-	130,000
NZD/CHN facility	29,438	-	-
	<u>504,438</u>	<u>311,220</u>	<u>328,839</u>
Non-current liabilities			
Shareholder loan	-	130,000	-
Shareholder loan fees	-	(286)	-
	<u>-</u>	<u>129,714</u>	<u>-</u>
Total loans and borrowings	<u>504,438</u>	<u>440,934</u>	<u>328,839</u>

At the reporting date, the Group had committed banking facilities totalling \$400 million. The facilities comprise the following:

Revolving credit facilities with a peak availability of \$283 million, comprising:

- Revolving Credit Facility A: \$123 million (expires 30 June 2026)
- Revolving Credit Facility A2: \$50 million (expires 31 March 2026)
- Revolving Credit Facility B: \$110 million (expires 30 June 2026)

CNH/NZD facilities of \$30 million, comprising:

- CNH/NZD Facility A \$15 million (expire 30 June 2026)
- CNH/NZD Facility B \$15 million (expire 30 June 2026).

Term debt facilities of \$72 million, comprising:

- Term Debt A: \$25 million (expires 30 June 2026)
- Term Debt B: \$47 million (expires 30 June 2026)

Overdraft facility of \$15 million (expires 30 June 2026).

11 Loans and borrowings (continued)

The facilities are provided by a syndicate of lenders and are subject to customary representations, undertakings and financial covenants. Subsequent to the reporting date, and following the Group's half year performance update, the Group entered into amendments with its banking syndicate (refer to note 16).

The Group also has a \$130m shareholder loan from the Group's majority shareholder, Bright Dairy. The loan will be repaid in July 2026.

12 Share capital

The Group had 603,198,098 ordinary shares on issue as at 31 January 2026 (31 January 2025: 603,198,098, 31 July 2025: 603,198,098).

There were no shares issued during the six months ended 31 January 2026.

13 Related party transactions

(a) Transactions with other related parties

	Period ended	Year ended	
	31 January	31 January	
	2026	2025	
	Unaudited	Unaudited	
	\$'000	\$'000	
		31 July	
		2025	
		Audited	
		\$'000	
<i>Purchase of goods and services</i>			
Bright Dairy and Food Co Ltd - Directors fees	136	133	268
<i>Sale of goods and services</i>			
Bright Dairy and Food Co Ltd - Sale of milk powder products	416	154	499
<i>Other</i>			
Bright Dairy and Food Co Ltd - Interest charged on shareholder loan	2,956	5,243	10,164

(b) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 January	31 January	31 July
	2026	2025	2025
	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000
<i>Current receivables (sales of goods and services)</i>			
Bright Dairy and Food Co Ltd - Reimbursement of costs	(947)	(1,023)	(811)
Bright Dairy and Food Co Ltd - Interest payable	(1,692)	(541)	(2,898)
Bright Dairy and Food Co Ltd - Shareholder loan	(130,000)		(130,000)
<i>Non-current payables (loans and borrowings)</i>			
Bright Dairy and Food Co Ltd - Shareholder loan	-	(130,000)	-

14 Contingencies

No contingent liabilities or assets have been recognised in these financial statements (31 January 2025: \$nil, 31 July 2025 \$nil).

15 Commitments

The Group has committed expenditure as at 31 January 2026 for routine operational capital expenditure project of \$4.8m (31 January 2025: \$3.8m; 31 July 2025: \$0.6m)

16 Events occurring after the reporting period

Amendment of banking facilities

Subsequent to the reporting date, the Group agreed amendments with its banking syndicate following its half-year performance update and ahead of the expected completion of the sale of its North Island assets on 1 April 2026.

The amendments defer the \$50 million step-down of Revolving Credit Facility A to the earlier of 30 April 2026 or three business days following settlement of the asset sale. The minimum EBITDA covenant for the half year ended 31 January 2026 and the interest cover ratio for the same test date have been waived, with revised thresholds agreed for the 30 April 2026 and 31 July 2026 test dates. The net senior leverage ratio covenant has been suspended for the 31 July 2026 test date.

The amendments also contemplate extending the maturity of Revolving Credit Facility A2, previously due no later than 31 March 2026, to align with the revised facility step-down date, subject to the consent of one remaining lender.

There were no other events which occurred subsequent to 31 January 2026 which require adjustment to or disclosure in the interim consolidated financial statements.



Independent Auditor's Review Report

To the shareholders of Synlait Milk Limited (**Group**)

Report on the interim condensed consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements on pages 3 to 17 do not:

- present fairly, in all material respects, the Group's financial position as at 31 January 2026 and its financial performance and cash flows for the six month period then ended and comply with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (**NZ IAS 34**) issued by the New Zealand Accounting Standards Board.

We have completed a review of the accompanying interim condensed consolidated financial statements which comprise:

- the condensed consolidated statement of financial position as at 31 January 2026;
- the condensed consolidated income statements, statements of other comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including material accounting policy information.

Basis for conclusion

We conducted our review of the interim condensed consolidated financial statements in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity (**NZ SRE 2410 (Revised)**). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim condensed consolidated financial statements* section of our report.

We are independent of Synlait Milk Limited in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

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.

Material uncertainty related to going concern

We draw attention to the "Going Concern" note included in the "Basis of preparation of interim financial report" section on pages 8 and 9 of the consolidated interim financial statements for the half year ended 31 January 2026. As described in that note, a material uncertainty exists related to access to capital which may cast



significant doubt on the Group's ability to continue as a going concern and, therefore, on whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the interim financial statements. Our conclusion is not modified in respect of this matter.

In concluding that a material uncertainty related to going concern exists, we evaluated the extent of uncertainty regarding events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Our procedures included, among others:

- Evaluating management's cash flow forecasts covering the period to 31 March 2027, including key assumptions relating to operating performance, sustained improvement in trading results, completion of the North Island asset divestment, refinancing outcomes, and the timing of debt repayments.
- Reviewing documentation supporting the planned divestment of the North Island assets, including sale agreements, board approvals, and the expected application of proceeds.
- Assessing the Group's recent operating and financial performance, including changes in EBITDA and operating cash flows, and the implications of this performance for refinancing and ongoing access to capital.
- Reviewing correspondence with lenders, including covenant amendments and waivers obtained during and subsequent to the period, and assessing the Group's ability to meet its obligations in the absence of divestment proceeds.
- Holding discussions with representatives of the Group's majority shareholder regarding the related party loan facility and their intentions in relation to ongoing funding support.
- Evaluating the adequacy of the Group's going concern disclosures in the interim financial statements by comparing them to our understanding of the relevant events and conditions, the assumptions incorporated into the cash flow assessment, the Group's plans to address those conditions, and the requirements of applicable accounting standards, with particular focus on the principal matters giving rise to the material uncertainty.

Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. Our review 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 Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review work, this report, or any of the conclusions we have formed.

Responsibilities of Directors for the interim condensed consolidated financial statements

The Directors on behalf of the Group are responsible for:

- the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with NZ IAS 34; and
- For such internal control as Directors determine is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the interim condensed consolidated financial statements

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34.

A review of the interim condensed consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

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

For and on behalf of:

A handwritten signature in blue ink that reads 'KPMG.' with a period at the end.

KPMG Christchurch

23 March 2026