
# Synlait Annual Report 2026

# Doing Milk Differently For A Healthier World

## Welcome to Synlait's Annual Report

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

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

### Corporate governance

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

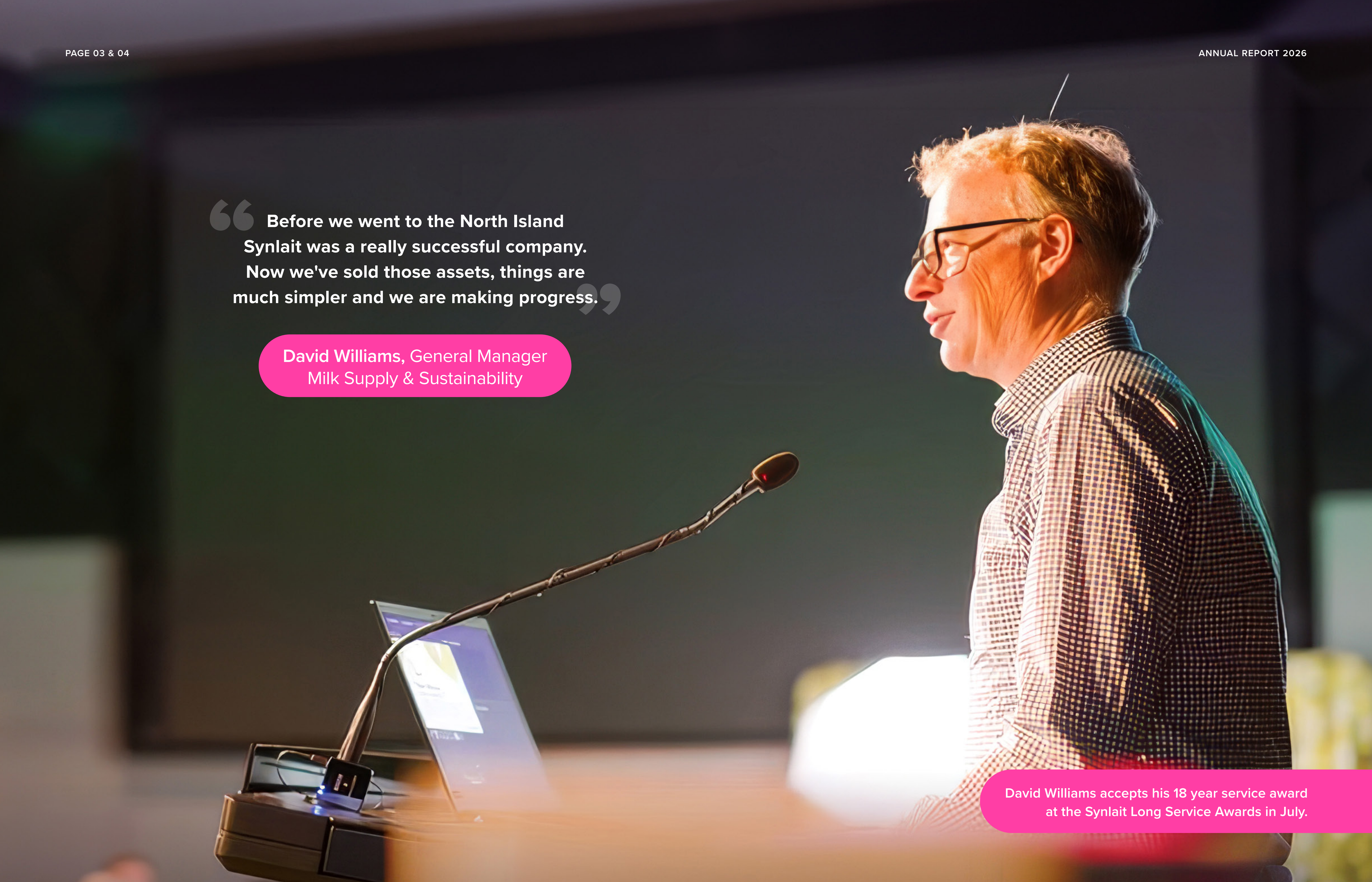
The Corporate Governance section of the Annual Report can be found on Synlait's website: synlait.com/investors/corporategovernance-2026/

### Sustainability

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

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

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



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

**David Williams,** General Manager Milk Supply & Sustainability

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

# Contents



15

Acting CEO Report.

21

A big year for Synlait's lab team.

21

Synlait goes social in China.

21

Refreshed business development approach.

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

**Kylie Bay,** Synlait Supplier

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

# Chair review

George Adams

## Dear Shareholders,

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

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

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

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

## A poor first half, a better second.

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

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

- Unadjusted net profit after tax improved from a first-half loss of $80.6 million to a second-half profit of $5.2 million (assisted by a gain from the sale of our North Island assets).
- Manufactured In Spec quality performance improved from 91% in the first half to 95% in the second. The full year average was 93%, up from 88% in FY25.

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

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

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

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

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

## What went wrong.

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

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

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

## Why this impacted FY26.

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

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

The decision to produce nutritional powders at peak required us to sell a significant volume of raw milk. Selling milk during peak season is always challenging and while we knew the loss would be significant, the decision was in Synlait's and our customers' best interests.

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

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

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

## We have addressed the issues.

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

High-level achievements include:

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

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

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

### Synlait is important to New Zealand's dairy sector.

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

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

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

### Our plan to maintain positive momentum.

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

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

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

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

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

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

Thank you,

**George Adams**
Chair

### Some well-deserved thanks.

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

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

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

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

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

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

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

## Guidance

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

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

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

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

# Results at a glance

▼ $42.6M
**$8.1M**
Total group EBITDA

▼ $60.9M
**$46.3M**
Total underlying group EBITDA[1]

▼ $35.6M
**($75.4M)**
Total group NPAT

▼ $22.4M
**($21.6M)**
Total underlying group NPAT[1]

▼ 14%
**$215.0M**
Net debt[2]

▼ $348.8M
**($183.3M)**
Operating cash flow

▲ 6%
**$1.94B**
Total group revenue

▼ 64%
**$37.7M**
Total group gross profit

**Results include North Island operations, unless otherwise stated[3]**

## FY26 milk price

**$9.69** Base milk price + **$0.38** Average Synlait milk incentive[4] = **$10.07** Synlait total average milk payment

All comparisons are against FY25.

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

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

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

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

# Synlait's operations stabilised in the second half

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

# Operational stability helped improve 2H financial performance

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

1 Figures influenced by the sale of North Island assets.

# Acting CEO review

Leon Fung

**Dear Shareholders,**

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

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

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

## My confidence in Synlait's future has grown.

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

As the Chair said in his report, the focus to date has been on activating the first two horizons of our recovery roadmap – stabilising and simplifying Synlait. In 2025, the Board instructed the business to adopt a 'Back to Basics' approach and focus on the 'Big 6' – operational stability, quality performance, customer satisfaction, financial performance, strengthening culture and financial resilience.

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

## Learning from the past.

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

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

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

## There is no doubt Synlait is stronger today.

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

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

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

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

## Synlait's people are stronger too.

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

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

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

## Challenging Synlait's status quo.

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

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

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

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

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

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

## Strengthening customer partnerships.

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

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

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

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

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

## Synlait has three primary competitive advantages.

1. **Nutritional product expertise.**
   Synlait's strength in infant nutrition is a platform that extends into adult nutrition, aged care nutrition, and special-purpose nutritional products. We are working with new markets to deepen and commercialise this advantage. We have world-class manufacturing capability and other markets interested in working collaboratively with us because they consider us uniquely positioned to produce these products.

2. **Our people.**
   There is a genuine desire by our people to do a good job and see the business succeed. They are highly motivated and uniquely qualified. A powerful signal of their dedication to this company is the more than 100 team members who have worked at Synlait for more than 10 years. Those people have experienced the business at its best, know what it is capable of and many have told me they believe it is on the right path to a successful future.

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

## We are well-positioned for the future.

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

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

We have been grateful for the support of all of our stakeholders – including you, our shareholders. As our financial performance recovers, I believe the confidence in Synlait will grow too.

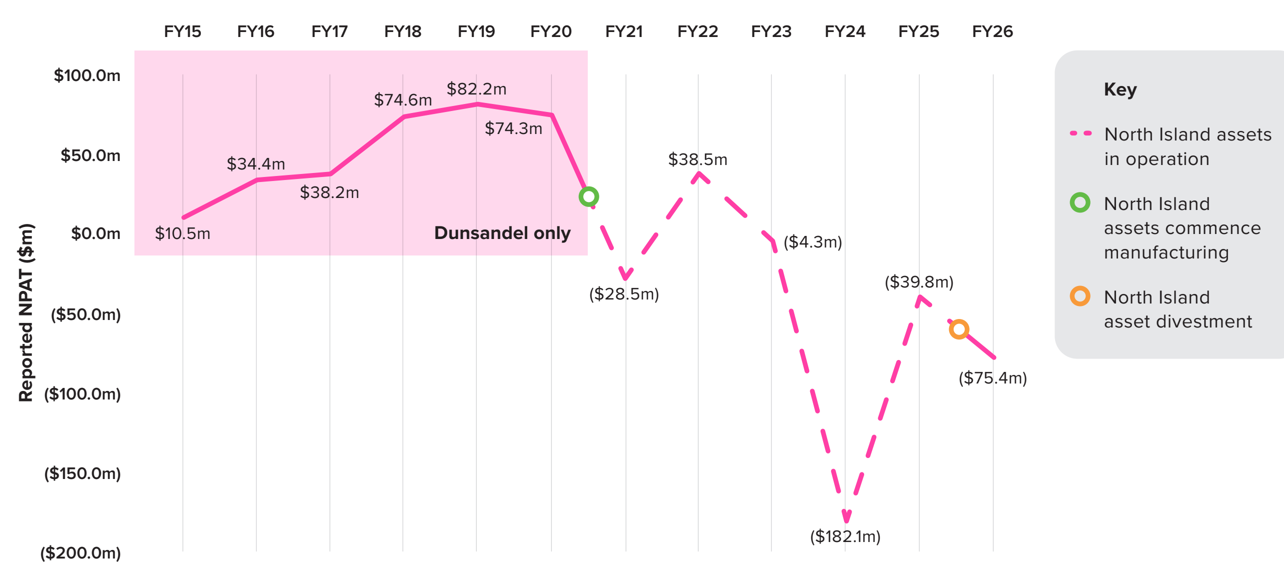
I am committed to doing all I can to enable that. It will take time, but I believe we will get there.

Thank you for your support,

**Leon Fung**
Acting CEO

# An important reminder of Synlait's potential

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




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

# FY26 business milestones

## A big year for Synlait's lab team

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

## Our farmers are leading with pride


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

## Celebrating Synlait's best assets

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

## Synlait goes social in China

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

## Deepening capability in our operational teams

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

## Refreshed business development approach

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

# Our Board of Directors

### Chair

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

### Independent Director

**Katherine Turner**[2]
Audit & Risk Committee Chair
People, Environment & Governance Committee Member

### Non-independent Directors

**Leon Fung**[1]
Executive Director

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

**Edward Yang**
People, Environment & Governance Committee Member

**Tao Zhang**

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

# Our Executive Leadership Team

**Leon Fung**[1]
Acting Chief Executive Officer

**Andy Liu**
Chief Financial Officer

**Richard Hickson**[2]
Chief Operating Officer

**Hamish Yates**[3]
Chief Revenue Officer

**Tim Carter**
Dairyworks Chief Executive Officer

**Stephanie Manning**
Director Safety, People & Culture

**Abby Ye**
President China & Director of Foodservice

**Glenn Laing**[4]
Director – Special Projects

**David Williams**[5]
General Manager Milk Supply & Sustainability

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


Irish David, Process Technician – Blending and Canning.

# Statutory information

## 1. Business operations

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

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

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

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

## 2. Directors

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

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

| Company | Directors | | Appointed |
|---|---|---|---|
| Synlait Milk Limited<br>Synlait Milk Finance Limited | George Adams (Chair) | Independent | 21 March 2024 |
| | Paul McGilvary[1] | Independent | 24 January 2022 |
| | Paul Washer[2] | Independent | 2 December 2022 |
| | Katherine Turner | Independent | 18 May 2026 |
| | Leon Fung[3] | Executive Director (Non-independent) | 3 June 2024 |
| | Sihang Yang (Edward) | Non-independent | 11 November 2010 |
| | Tao Zhang | Non-independent | 26 February 2024 |
| | Zhu Yi (Julia) | Non-independent | 19 June 2023 |

| Company | Directors |
|---|---|
| The New Zealand Dairy Company Limited | Robert Stowell[4] |
| | Leon Fung[5] |
| | Lei Liu (Andy)[6] |
| Eighty Nine Richard Pearse Drive Limited | Robert Stowell[4] |
| | Leon Fung[5] |
| | Lei Liu (Andy)[6] |
| Synlait Business Consulting (Shanghai) Co., Ltd | Robert Stowell[4] |
| | Paul Mallard[7] |
| Dairyworks Limited | Timothy Carter |
| | Leon Fung[5] |
| Synlait Milk (Dunsandel Farms) Limited | Robert Stowell[4] |
| | Leon Fung[5] |
| | Lei Liu (Andy)[6] |
| Synlait Milk (Holdings) No.1 Limited | Robert Stowell[4] |
| | Leon Fung[5] |
| | Lei Liu (Andy)[6] |

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

[1] Paul McGilvary retired from the Board as an Independent Director on 18 May 2026 and was replaced by Katherine Turner.
[2] Paul Washer retired from the Board as an Independent Director on 21 November 2025.
[3] Leon Fung was a Non-independent Director until 14 May 2026, when he was appointed Acting CEO.
[4] Robert Stowell resigned as Chief Supply Chain & Technology Officer and Director of associated Synlait subsidiary companies on 18 June 2026.
[5] Leon Fung was appointed Director of this subsidiary on 18 June 2026.
[6] Lei Liu (Andy) was appointed Director of this subsidiary on 18 June 2026.
[7] Paul Mallard left his role as Chief Operating Officer in December 2025. New directors are in the process of being appointed for this subsidiary company.

## 3. Director interests

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

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

**Board of Directors**

| George Adams |
|---|
| Chair and Director Synlait Milk Limited |
| Director Synlait Milk Finance Limited |
| Chair, Director and Shareholder Insightful Mobility Limited |
| Chair and Director Netlogix Group Holdings Limited |
| Director and Shareholder Arborgen Holdings Limited |
| Chair, Director and Shareholder Apollo Foods Limited |
| Director The Apple Press Limited |
| Director Mars Manufacturing Limited |
| Director Apollo Brands Limited |
| Chair and Director NZFF Holdco Limited |
| Chair and Director Redshield Security Limited |
| Receipt of Directors' Fees from Synlait Milk Limited at approved rate |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

| Leon Fung |
|---|
| Director Synlait Milk Limited |
| Director Synlait Milk Finance Limited |
| *Director The New Zealand Dairy Company*[8] |
| *Director Eighty Nine Richard Pearse Drive Limited*[8] |
| *Director Dairyworks Limited*[8] |
| *Director Synlait Milk (Dunsandel Farms) Limited*[8] |
| *Director Synlait Milk (Holdings) No.1 Limited*[8] |
| Receipt of Directors' Fees from Synlait Milk Limited at approved rate |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |
| Chief Executive Officer NIG Nutritionals Limited[9] |
| Director and Shareholder Auspocean Limited |
| Director Silver Fern Biotech & Products Limited |
| Director and Shareholder MTC Information Technology NZ Limited |
| Director and Shareholder Tec-Pe New Zealand Limited |
| Director and Shareholder Beverly Hills Asset Management Limited |
| Director Gambol Pet Food (New Zealand) Co., Limited |

[8] Leon Fung was appointed Director of this subsidiary on 18 June 2026.
[9] Leon Fung resigned as Chief Executive Officer NIG Nutritionals Limited on 30 September 2025.

| Paul McGilvary[10] |
|---|
| 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[11] |
|---|
| Director Synlait Milk Limited |
| Director Synlait Milk Finance Limited |
| Chief Financial Officer Pact Group Holdings (Australia) Pty Ltd |
| Director Pact Group Holdings Limited[12] |
| Receipt of Directors' Fees from Synlait Milk Limited at approved rate |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

| Sihang Yang (Edward) |
|---|
| Director Synlait Milk Limited |
| Director Synlait Milk Finance Limited |
| Receipt of Directors' Fees from Synlait Milk Limited at approved rate |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

| Zhu Yi (Julia) |
|---|
| Director Synlait Milk Limited |
| Director Synlait Milk Finance Limited |
| Receipt of Directors' Fees from Synlait Milk Limited at approved rate |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

| Tao Zhang |
|---|
| Director Synlait Milk Limited |
| Director Synlait Milk Finance Limited |
| Receipt of Directors' Fees from Synlait Milk Limited at approved rate |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

[10] Paul McGilvary retired from the Board as an Independent Director on 18 May 2026.
[11] Paul Washer retired from the Board as an Independent Director on 21 November 2025.
[12] Pact Group Holdings (NZ) Limited is the ultimate holding company of a number of subsidiaries, some of which, Paul Washer is also a Director and/or Shareholder of. Pact Group, via its subsidiaries Alto Packaging Limited, Astron Plastics Limited and VIP Plastic Packaging (NZ) Limited, is a supplier to Synlait on normal terms of trade. There was a protocol in place whereby Paul Washer abstained from all Board discussions and decisions involving the supply agreements between Synlait and Pact Group.

| Robert Stowell[13] |
|---|
| Director Synlait Milk (Dunsandel Farms) Limited |
| Director Eighty Nine Richard Pearse Drive Limited |
| Director The New Zealand Dairy Company Limited |
| Director Synlait Milk (Holdings) No.1 Limited |
| Director Synlait Business Consulting (Shanghai) Co., Ltd. |
| Director and Shareholder Orange Homes (2022) Limited |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

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

| Paul Mallard[14] |
|---|
| Director Synlait Business Consulting (Shanghai) Co., Ltd. |
| Insurance cover arranged by Synlait Milk Limited |
| Deed of Indemnity and Access from Synlait Milk Limited |

| Lei Liu (Andy) |
|---|
| Shareholder Synlait Milk Limited |
| *Director The New Zealand Dairy Company Limited*[15] |
| *Director Eighty Nine Richard Pearse Drive Limited*[15] |
| *Director Dairyworks Limited*[15] |
| *Director Synlait Milk (Dunsandel Farms) Limited*[15] |
| *Director Synlait Milk (Holdings) No.1 Limited*[15] |
| *Insurance cover arranged by Synlait Milk Limited* |
| *Deed of Indemnity and Access from Synlait Milk Limited* |

| Katherine Turner[16] |
|---|
| *Director Synlait Milk Limited* |
| *Director Synlait Milk Finance Limited* |
| *Board Trustee Garden to Table* |
| *Director and Shareholder Cresta Properties 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* |

[13] Robert Stowell resigned as Chief Supply Chain & Technology Officer and Director of associated Synlait subsidiary companies on 18 June 2026.
[14] Paul Mallard left his role as Chief Operating Officer in December 2025.
[15] Lei Liu (Andy) was appointed Director of this subsidiary on 18 June 2026.
[16] Katherine Turner joined the Board as an Independent Director on 18 May 2026.

**Executive Leadership Team**

| **Richard Wyeth**[17] |
|---|
| Director and Shareholder Rise Corporation Limited |
| Director and Shareholder Ngaranui 2024 Limited |
| *Shareholder Omakau Milk Company Limited, the sole shareholder of Lake Satinburn Dairies Limited*[18] |

| **Richard Hickson**[19] |
|---|
| *Director and Shareholder 1891 Holdings Limited* |

| **Yanlin Ye (Abby)** |
|---|
| *Director Primary Collaboration New Zealand Limited* |

## 4. Director remuneration

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

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

<sup></sup>

[17] Richard Wyeth was employed by Synlait until 30 June 2026 following his resignation as Chief Executive Officer on 14 May 2026.
[18] Lake Satinburn Dairies Limited was incorporated on 11 September 2025.
[19] Richard Hickson joined as Chief Operating Officer on 2 February 2026.

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

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

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

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

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

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

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

[20] Paul McGilvary retired from the Board as an Independent Director on 18 May 2026, and chaired the People, Environment and Governance Committee until 21 November 2025.
[21] Paul Washer retired from the Board as an Independent Director on 21 November 2025, and chaired the Audit and Risk Committee until his retirement.
[22] Leon Fung was a Non-independent Director until his appointment as Acting Chief Executive Officer on 14 May 2026, after which he no longer received any Director fees. During that period, he chaired the People, Environment and Governance Committee from 21 November until his appointment as Acting Chief Executive Officer.
[23] Julia Zhu chaired the Audit and Risk Committee between 22 November 2025 and 18 May 2026, and has chaired the People, Environment and Governance Committee since 19 May 2026.
[24] Katherine Turner joined the Board as an Independent Director on 18 May 2026, and has chaired the Audit and Risk Committee since her appointment.

## 5. Director holdings

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

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

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

## 6. Employee remuneration

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

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

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

**Chief Executive Officer remuneration**

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

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

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

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

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

***CEO Short-Term Incentive (STI)***

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

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

The FY26 STI comprised:

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

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

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

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

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

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

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

***CEO Long Term Incentive (LTI)***

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

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

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

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

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

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

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

**Executive remuneration framework**

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

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

Executive remuneration comprises three key components:

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

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

***Executive Short-Term Incentive (STI)***

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

For each financial year, the Board approves:

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

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

***Executive Long-Term Incentive (LTI)***

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

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

The FY25-FY27 performance measures include:

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

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

## 7. Donations

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

Synlait made no political donations.

## 8. Auditors

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

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

## 9. Stock exchange listings

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

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

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

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

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

- A $185 million issue of shares to Bright Dairy Holding Limited (Bright Dairy) at an issue price of $0.60 (a 100% premium to the closing price of Synlait's shares on the NZX Main Board on 15 August 2024 (which was the last undisturbed share price prior to announcement of the settlement with The a2 Milk Company and its support of Synlait's equity raise, and a 40% premium to the issue price of $0.43 for the a2MC placement)), which increased its shareholding in Synlait from 39.01% to 65.25% (Bright Dairy placement); and

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

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

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

## 10. Top 20 security holders and substantial security holders

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

- 603,198,098 ordinary shares

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

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

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

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

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

## 11. Spread of product holders

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

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

* Based on the data of registered holders.

## 12. Credit rating

Synlait does not have a credit rating.

## 13. NZX Waivers

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

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

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

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

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

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

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

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

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

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

to the extent that such Relevant Contract:

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

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

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

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

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

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

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

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

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

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

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

## 14. NZX Corporate Governance Code

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

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

## 15. Gender composition

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

| Group[32] | Female | Male | Total |
|---|---|---|---|
| Board | 2 (1) | 4 (6) | 6 (7) |
| Officer | 2 (3) | 7 (8) | 9 (11) |
| **Total** | **4** | **11** | **15** |

## 16. Performance against Diversity and Inclusion Policy

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

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

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

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

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

## 17. Board skills matrix[33]

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

[33] Reflecting Board composition as at 31 July 2026.

# CFO Review

Andy Liu

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

### Advanced Nutrition

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

### Foodservice

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

### Ingredients

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

### Consumer

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

## Financial performance

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

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

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

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

## Key metrics

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

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

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

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

4 Net debt calculation excludes lease liabilities.

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

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

## Sales and gross profit performance

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

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

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

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

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

**Underlying gross profit by business unit including North Island**

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

## Advanced Nutrition

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

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

## Ingredients

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

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

## Consumer

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

## Foodservice

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

## Milk price and milk supply

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

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

## Operating expenditure

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

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

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

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

## EBITDA

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

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

## Net financing costs

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

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

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

## Foreign exchange

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

# Financial position

## Overview

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

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

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

## Working capital

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

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

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

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

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

## Sale of the North Island assets

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

## Operating cash flows and total net debt

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

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

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

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

## Derivatives

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

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

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

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

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

## Funding facilities and covenants

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

The refinance was fully executed on 30 June 2026.

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

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

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

The Group's key financial covenants are:

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

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

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

## Contents

## Directors' responsibility statement

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

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

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

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

For and on behalf of the Board.

George Adams
Chair

28 September 2026

Katherine Turner
Independent Director

28 September 2026



## Income statement

For the year ended 31 July 2026.

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

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

## Statement of comprehensive income

For the year ended 31 July 2026.

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



## Statement of changes in equity

For the year ended 31 July 2026.

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

## Statement of financial position

For the year ended 31 July 2026.

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

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

## Statement of cash flows

For the year ended 31 July 2026.

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

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

# Notes to the financial statements

## Reporting entity

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

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

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

## Basis of preparation

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

***Comparative balances***

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

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

***Basis of measurement***

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

***Functional and presentation currency***

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

***Transactions and balances***

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

***Use of accounting estimates and judgements***

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

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

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

***Material uncertainties related to going concern***

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

*Funding and refinancing*

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

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

*Trading performance*

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

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

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

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

*Conclusion*

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

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

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

***Recoverability of tax losses***

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

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

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

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

***Change in reporting date***

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

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

***Climate risk***

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

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

## Basis of consolidation

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

***Use of accounting estimates and judgements***

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

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

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

## Significant accounting policies

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

**Standards, amendments and interpretations adopted during the period**

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

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

*NZ IFRS 18 - Presentation and Disclosure in Financial Statements*

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

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

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

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

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

## 1. Discontinued operation

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

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

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

**(a) Financial performance and cash flow information**

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

## 2. Revenue recognition

**Sales of goods**

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

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Product sales | **1,682,291** | 1,590,160 |
| | **1,682,291** | 1,590,160 |

## 3. Segment reporting

**(a) Reportable segments**

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

The Group has identified the following segments:

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

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

**(b) Segment revenues and results**

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

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

## 3. Segment reporting (continued)

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

### (c) Sales by geographical area

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

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

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

All Group non-current assets are in New Zealand.

### (d) Major customers

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

## 4. Expenses

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

***Auditors' fees***

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **(a) Assurance services** | | |
| **Audit services** | | |
| Audit of financial statements - KPMG | **850** | 890 |
| Total remuneration for audit services | **850** | 890 |
| **Other assurance services** | | |
| Other assurance - KPMG | **75** | 130 |
| Total remuneration for other assurance services | **75** | 130 |
| Total remuneration for assurance services | **925** | 1,020 |

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **(b) Advisory services** | | |
| Other consulting services | **16** | - |
| Total remuneration for advisory services | **16** | - |

## 5. Cash and cash equivalents

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

| | 2026 $'000 | 2025 $'000 |
|---|---|---|
| Cash on hand | **18,715** | 78,277 |
| | **18,715** | 78,277 |

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

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

## 7. Trade and other receivables

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

*Impairment*

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

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

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

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

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

*Credit Risk Management*

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

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

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

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

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

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

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

## 7. Trade and other receivables (continued)

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

### (a) Impaired receivables

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

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

| | 2026 $'000 | 2025 $'000 |
|---|---|---|
| **Overdue by** | | |
| 0 to 30 days | **14,123** | 5,055 |
| 30 to 60 days | **14** | 1,687 |
| Over 60 days | **1,858** | 565 |
| **Total overdue trade receivables** | **15,995** | 7,307 |

### (b) Allowance for bad and doubtful receivables

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

### (c) Trade and other receivables

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

### (d) Derecognised financial assets

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

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

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

## 8. Inventories

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

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

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

## 9. Trade and other payables

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

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

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

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

## 10. Property, plant and equipment

**Recognition and measurement**

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

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

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

**Depreciation**

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

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

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

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

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

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

**Impairment**

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

## 10. Property, plant and equipment (continued)

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

### (a) Impairment assessment

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

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

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

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

## 11. Biological assets

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Balance as at 31 July** | **5,803** | 4,731 |

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

## 12. Intangible assets

**Goodwill**

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

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

**Brands**

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

**Patents, trademarks and other rights**

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

**Computer software**

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

**New Zealand Units (NZU)**

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

**Impairment of non-financial assets**

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

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

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

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

Impairment losses are recognised in profit or loss.

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

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

## 12. Intangible assets (continued)

### (a) Impairment assessment

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

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

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

## 13. Leases

**Measurement of right-of-use assets and lease obligations**

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

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

**Measurement of lease obligations**

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

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

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

**Group as lessor**

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

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

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

## 13. Leases (continued)

(a) **Group as lessee**

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Current | **5,840** | 6,499 |
| Non-current | **39,297** | 48,734 |
| **Total discounted lease obligations** | **45,137** | 55,233 |

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

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

**(b) Group as lessor**

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

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

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

**Risk management**

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

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

## 14. Finance income and expenses

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

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

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

## 15. Loans and borrowings

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

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

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

### (a) Terms of loans and borrowings

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

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

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

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

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

## 15. Loans and borrowings (continued)

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

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

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

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

## 16. Share capital

Ordinary shares are classified as equity.

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

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

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

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

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

### (b) Ordinary shares

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

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

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

### (c) Capital risk management

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

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

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

### (d) Earnings per share

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

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

## 17. Share based payments

**LTI Share Scheme Overview**

Under the Long-Term Incentive (LTI) share scheme, eligible participants are granted Performance Share Rights (“PSRs”). These PSRs are designed to incentivise long-term performance and align the interests of participants with those of Synlait Milk Limited’s shareholders.

From the 2024 financial year onward, PSRs are to be settled in cash, unless otherwise noted.

PSRs are typically awarded annually, with each grant assessed over a three-year performance period commencing from the date of award. The number of PSRs allocated is calculated as 20% of the participant’s base salary divided by Synlait Milk Limited’s share price on the entitlement date.

**Performance Conditions and Vesting Criteria**

Financial Year 2026 Grants:

PSRs were granted during the financial year ended 31 July 2026 in respect of the Financial Year 2025 LTI share scheme.

Financial Year 2025 Grants:

- PSRs consist of 30% Total Shareholder Return Rights (“TSR Rights”) and 70% Return on Net Capital Employed Rights (“RoNCE Rights”).
- Vesting of TSR Rights and RoNCE Rights is subject to progressive vesting scales based on performance outcomes.
- For TSR Rights, 100% vesting requires Synlait’s TSR to reach $1.20 for the volume weighted average price (VWAP) over the last 10 trading days as at 31 July 2027.
- For RoNCE Rights, 100% vesting requires Synlait’s RoNCE to exceed the 4.89% per year target over the performance period.
- Both TSR and EPS Rights vest using progressive scales.

For both TSR and EPS hurdles, Synlait’s TSR must be positive over the assessment period for vesting to occur.

**Additional Terms**

No exercise price is payable on the exercise of PSRs. Ordinary shares are delivered to participants at nil consideration.

The LTI share scheme is operated annually, with awards subject to Board approval. Each award is assessed over a three-year period.

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

## 18. Reserves and retained earnings

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **(a) Reserves** | | |
| Hedging reserve - cash flow hedges | **416** | 5,400 |
| Share-based payments reserve | **611** | 611 |
| Foreign currency translation reserve | **107** | 41 |
| | **1,134** | 6,052 |

**(b) Retained earnings**

Movements in retained earnings were as follows:

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Balance 1 August | **105,853** | 145,675 |
| Net loss for the year | **(75,440)** | (39,822) |
| Balance 31 July | **30,413** | 105,853 |

**(c) Nature and purpose of reserves**

***(i)** 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*

There is no movement in the employee benefits reserve (2025: $0.6m).

**(d) Dividends**

No dividends were declared by the Group during the year.

## 19. Financial risk management

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

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

**Market risk**

***Foreign exchange risk***

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

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

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

***Interest rate risk***

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

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

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

***Commodity Price Risk***

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

The Group primarily manages its dairy commodity price risk by:

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

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

***Credit risk***

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

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

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

***Liquidity risk***

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

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

**Market risk**

*(i)* ***Foreign exchange risk***

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

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

## 19. Financial risk management (continued)

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

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

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

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

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

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

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

*(iii)* ***Sensitivity analysis***

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

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

*(iv)* ***Commodity derivatives***

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

**Liquidity risk**

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

| | **Less than 12 months $'000** | **Between 1 and 2 years $'000** | **Between 2 and 5 years $'000** | **Over 5 years $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **As at 31 July 2026** | | | | | |
| Trade and other payables | 318,185 | - | - | - | 318,185 |
| Loans and borrowings | 102,985 | 129,686 | - | - | 232,671 |
| Derivative financial instruments | 3,964 | 207 | - | - | 4,171 |
| Lease liabilities | 5,831 | 6,058 | 8,764 | 24,484 | 45,137 |
| **Total** | 430,965 | 135,951 | 8,764 | 24,484 | 600,164 |
| **As at 31 July 2025** | | | | | |
| Trade and other payables | 378,341 | - | - | - | 378,341 |
| Loans and borrowings | 328,839 | - | - | - | 328,839 |
| Derivative financial instruments | 7,656 | 390 | 724 | - | 8,770 |
| Lease liabilities | 6,499 | 6,135 | 14,401 | 28,198 | 55,233 |
| **Total** | 721,335 | 6,525 | 15,125 | 28,198 | 771,183 |

## 19. Financial risk management (continued)

**Cash flow hedges**

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

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

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

| | **2026** | | 2025 | |
|---|---|---|---|---|
| **Effects of cash flow hedges on the statement of comprehensive income** | **Hedging gains / (losses) recognised in other comprehensive income $'000** | **Hedge ineffectiveness recognised in profit or loss $'000** | Hedging gains / (losses) recognised in other comprehensive income $'000 | Hedge ineffectiveness recognised in profit or loss $'000 |
| **Foreign exchange risk** | | | | |
| Forward exchange contracts | **(7,579)** | **-** | 17,404 | - |
| **Interest rate risk** | | | | |
| Interest rate swaps | **644** | **-** | (429) | - |
| **Commodity price risk** | | | | |
| Dairy commodity futures | **13** | **-** | (11) | - |
| **Total** | **(6,922)** | **-** | 16,964 | - |

Hedge ineffectiveness is included within the finance expenses line of the income statement.

**Impact to reserves in equity**

The impact of the Group's hedge accounting policies on the reserves in equity is presented in the table below:

**Hedge reserves**

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Opening balance** | **5,400** | (6,814) |
| *Movements attributable to cash flow hedges:* | | |
| Change in value of effective derivative hedging instruments | **(6,922)** | 15,996 |
| Reclassifications to the income statement as hedged transactions occurred | **-** | 968 |
| Tax (expense) / credit | **1,938** | (4,750) |
| **Total movement** | **(4,984)** | 12,214 |
| **Closing balance** | **416** | 5,400 |

## 20. Financial instruments

**Classification**

The Group classifies its financial assets in three categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification of financial assets depends on the business model within which the financial asset is held and its contractual cash flow characteristics.

The Group classifies its financial liabilities in two categories: at amortised cost and at fair value through profit or loss.

*(i) 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, accounts receivable and other receivables as financial assets measured at amortised cost, except for receivables from customers who participate in the Group's receivables purchase agreements which are classified as financial assets measured at fair value through profit or loss (FVPL).

Financial liabilities are classified as measured at amortised cost using the effective interest method, with the exception of those classified at fair value.

The Group currently classifies its accounts payable, accrued liabilities (excluding derivatives) and term debt as financial liabilities measured at amortised cost.

*(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.

**Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As the Group's financial instruments are not traded in active markets, their fair value is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

All financial instruments held at fair value are included in level 2 of the valuation hierarchy as defined in NZ IFRS 13.

The fair value of foreign currency forward contracts is determined using forward exchange rates at balance date. The fair value of foreign exchange option agreements is determined using forward exchange rates at balance date. The fair value of interest rate swaps is determined using forward interest rates as at reporting date. The fair value of commodity derivatives is determined using NZX settlement prices.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are master netting agreements in place for derivative financial instruments held, however these instruments have not been offset in the statement of financial position as they do not currently meet the criteria for offset.

**Impairment of financial assets**

The Group has adopted the expected credit loss ("ECL") model. For further detail please refer to note 7. The Group assesses whether there is evidence that a financial asset or group of financial assets is impaired, with the exception of assets that are fair valued through profit or loss. A financial asset or a group of financial assets can be impaired and the impairment losses are recognised in accordance with IFRS 9. The Group continues to assess if historical and future objective evidence of impairment exists after the initial recognition of the asset.

**Derivative financial instruments - hedge accounting**

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

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. For derivatives measured at fair value, the gain or loss that results from changes in fair value of the derivative is recognised in earnings immediately, unless the derivative is designated and effective as a hedging instrument. Hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments are designated as cash flow hedges by the Group.

The full fair value of a hedging derivative is classified as a current asset or liability when the remaining term of the hedged item is 12 months or less from balance date, or when cash flows arising from the hedged item will occur within 12 months or less from balance date. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and no cash flows will occur within 12 months of balance date.

*(i) 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.

## 20. Financial instruments (continued)

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

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

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

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

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

### (a) Financial instruments by category

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

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

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

## 21. Income tax

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

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

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

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

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

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

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

### (c) Imputation credits

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Imputation credits available directly and indirectly to the shareholders of the Group | **65,450** | 89,111 |

### (d) Income tax recognised in other comprehensive income

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

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

### (e) Deferred taxation

**The balance comprises temporary differences attributable to:**

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Assets** | | |
| Derivatives | **-** | - |
| Tax losses carried forward | **88,250** | 93,045 |
| Other items | **4,035** | 4,451 |
| Lease liabilities | **5,660** | 14,093 |
| **Total deferred tax assets** | **97,945** | 111,589 |
| **Liabilities** | | |
| Property, plant and equipment | **(72,949)** | (75,755) |
| Derivatives | **(162)** | (2,100) |
| Intangible assets | **(16,774)** | (15,255) |
| Right of use assets | **(4,060)** | (8,873) |
| **Total deferred tax liabilities** | **(93,945)** | (101,983) |
| **Total deferred tax** | **4,000** | 9,606 |

## 21. Income tax (continued)

| | Balance 1 Aug 2024 $'000 | Recognised in profit or loss $'000 | Recognised in other comprehensive income $'000 | Deferred tax associated with discontinuing operations $'000 | Prior year adjustment $'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 |

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

### (f) Pillar II tax reform

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

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

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

## 22. Other investments

**Investments in associates**

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

**Investments in joint ventures**

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

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

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

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

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

## 23. Related party transactions

**Parent entity**

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

**Key management personnel compensation**

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

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

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

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

*(i) Loans to directors*

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

*(ii) Other transactions and balances*

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

*(iii) Shareholder loan*

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

**(b) Transactions with other related parties**

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

**(c) Outstanding balances**

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

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

## 24 Contingencies

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

## 25 Commitments

**(a) Capital commitments**

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Capital expenditure | **13,846** | 633 |

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

## 26 Events occurring after the reporting period

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

## 27 Other accounting policies

**Goods and Services Tax (GST)**

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

# Independent Auditor's Report

To the Shareholders of Synlait Milk Limited

**Report on the audit of the consolidated financial statements**

## Opinion

We have audited the accompanying consolidated financial statements which comprise:

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

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

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

## Basis for opinion

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

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

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

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





## Material uncertainty related to going concern

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

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

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

## Materiality

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

# Key audit matters

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

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

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

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

Refer to Note 10(a) to the consolidated financial statements.

The impairment assessment of the South Island cash-generating unit was a key audit matter due to the material carrying amount of the assets within the CGU and the significant judgement and estimation uncertainty involved in determining its recoverable amount.

The Group identified indicators of impairment, including the ongoing loss position, operational challenges and market capitalisation being below the carrying amount of net assets. The recoverable value of the CGU has been determined in reference to an independent fair value less costs of disposal assessment.

The fair value less costs of disposal assessment involved significant judgement regarding the identification of an appropriate market participant, the selection and comparability of recent dairy-industry transactions, sustainable production capacity and utilisation, values attributed to specialised processing

Our audit procedures included:

- evaluating the Group's identification of the South Island CGU and reconciling the carrying amount of the CGU to the underlying accounting records;
- assessing whether the assets and liabilities included in the carrying amount were consistent with the perimeter reflected in the Group's assessment of the value-in-use and the independent valuer's assessment of fair value less costs of disposal;
- evaluating the Group's value-in-use assessment, including the methodology, mathematical accuracy and significant forecast assumptions;
- conducting a retrospective review of the Group's historical forecasts with actual performance and considering the implications for the reliability of forecast cash flows;
- assessing the competence, capabilities and objectivity of the valuation specialist engaged by the Group to provide a fair value assessment;
- evaluating the fair value less costs of disposal methodology and significant assumptions, including:
  - the identification of relevant market participants;
  - the selection and comparability of benchmark transactions;
  - sustainable processing capacity and utilisation;
  - commodity-processing values;
  - the values attributed to the lactoferrin facility, UHT cream and milk product line, laboratory and farm; and
  - estimated costs of disposal;
- developing and evaluating alternative market-participant scenarios and sensitivities to assess the effect of reasonably possible changes in significant assumptions; and





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

capabilities and estimated disposal costs.

The valuation outcome was sensitive to the market-participant and asset-specific assumptions adopted. Given the materiality of the assets and the significant auditor judgement and specialist involvement required to assess Group's conclusion, this matter required significant audit attention.

- assessing the adequacy of the related financial statement disclosures, including the valuation methodology, significant assumptions and estimation uncertainty.

**Recoverability of deferred tax assets (DTA)**

Refer to the "Recoverability of tax losses" section within the material events and other significant items note and Note 21 to the consolidated financial statements.

The recoverability of deferred tax assets arising from carried-forward tax losses was a key audit matter due to the material amount recognised and the significant judgement required in assessing whether sufficient future taxable profits would be available to utilise those losses.

At 31 July 2026, the Group had approximately $495.6 million of gross New Zealand tax losses available for use against future taxable profits and recognised a deferred tax asset of approximately $88.3 million in respect of carried-forward tax losses.

The Group has a recent history of tax losses. Accordingly, convincing evidence is required to support the recognition of deferred tax assets based on future taxable profits. Management's assessment considered forecast taxable profits contained within the Group's Long-Range Plan and the availability of taxable

Our audit procedures included:

- evaluating the Group's deferred tax calculations and recoverability assessment against the recognition requirements of NZ IAS 12;
- assessing the amount of carried-forward tax losses available for utilisation and whether the relevant tax continuity and utilisation requirements were met;
- challenging the Group's forecast utilisation of tax losses through future taxable profits;
- comparing prior-period forecasts with actual performance to assess the Group's forecasting accuracy;
- considering the consistency of forecast assumptions with those used in the South Island CGU impairment and going concern assessments;
- evaluating whether the Group's recent history of tax losses was appropriately reflected in the level of evidence used to support recognition;
- assessing the amount of deferred tax assets supported by taxable temporary differences expected to reverse in future periods;
- evaluating the effect of the final milk price accrual and other year-end tax adjustments on the deferred tax position; and
- assessing the adequacy of the related disclosures concerning the significant judgement and uncertainty involved in recovering the deferred tax asset.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| temporary differences expected to reverse in future periods.<br>The Group's forecasting history and the reliance on assumptions also used in the South Island CGU impairment assessment increased the level of audit judgement required in evaluating the recoverability of the deferred tax asset. Given the materiality of the balance and the judgement involved in determining the amount supportable under NZ IAS 12, this matter required significant audit attention. | |

## Other information

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

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

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

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

## Use of this independent auditor's report

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



## Responsibilities of Directors for the consolidated financial statements

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

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

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

Our objective is:

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

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

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

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

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

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

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

For and on behalf of:

KPMG.

KPMG
Christchurch
28 September 2026

## Directory

**Registered and Head Office**
1028 Heslerton Road
Rakaia, RD13
New Zealand

**Contact us**
+64 3 373 3000
facilities@synlait.com
synlait.com

You can also follow us on
LinkedIn

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

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


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