

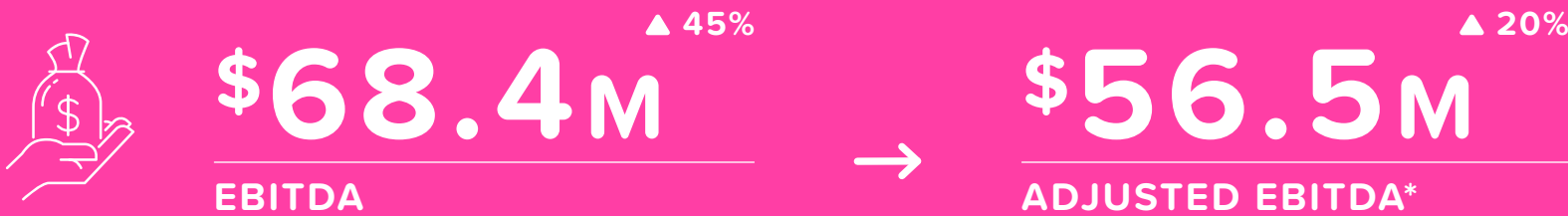
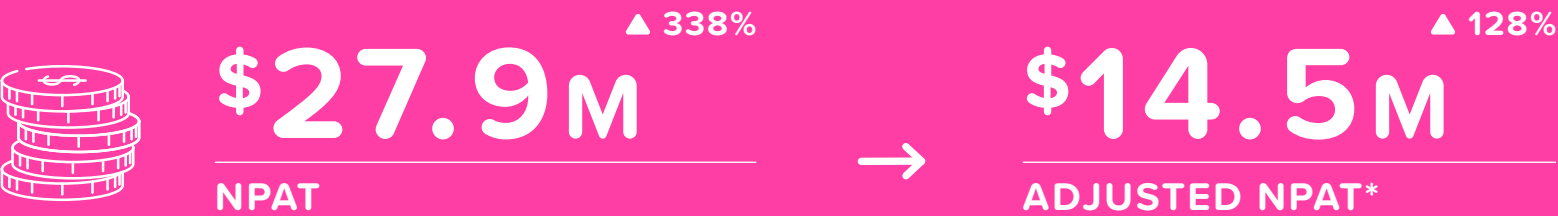


SYNLAIT MILK HALF YEAR RESULT CHAIR AND CEO REVIEW

For the six months ended
31 January 2022



KEY FINANCIAL METRICS



All comparisons are to H1 21 which has been restated for a change in accounting policy.
* Excluding Synlait Auckland gain on sale and leaseback and related items.



SIX MONTHS IN REVIEW A LETTER FROM OUR CHAIR

Dear Shareholders

I have written to you many times, but this is my first as Chair. It was an enormous privilege to take on this role in January when we appointed Grant Watson as CEO. Having been part of Synlait from the outset, I have seen it as extremely important to help lead the company through its recent challenges and set it up for future success. While the job is not done yet, you will see from this result that we have made some big steps in the right direction as we reset management and governance and rebuild our profitability and balance sheet.

Turning Synlait around

In the first six months of this financial year (H1 22) significant steps were taken to reset and rebuild Synlait. While we cannot relax just yet, our plan to return Synlait to robust profitability is on track.

Here are some highlights from our recovery plan:

- Synlait's cost structure review and the organisational reset is complete. Most cost saving benefits were realised in operations and are reflected in improved gross profitability. We are on-track to achieve the \$7 million in savings the organisational reset promised, with \$5.2 million realised in H1 22. A lot of hard work has gone on under the leadership of our new CFO Robert Stowell to implement these changes. We are very aware of how challenging and stressful this process was on our staff, particularly those whose roles were disestablished. Our decisions were not made lightly, and I thank the entire team for their professionalism, understanding and commitment to Synlait throughout the process.
- A significantly improved net debt position (down 19% to \$391.8 million) is perhaps our biggest H1 22 achievement and will provide shareholders with comfort that our recovery plan is on-track. Our improved operating cash flows (up 269% to \$117.3m) and net debt position benefitted from stronger profit, greater focus on working capital management, and the sale of the land and buildings at Synlait Auckland. Work will continue in the second half with an ongoing focus on rebalancing inventory levels through improved sales performance, while working to minimise the impact of shipping delays that have been facing all exporting companies. We will also continue focusing on our operational costs and capital expenditure.

- In our early years, Synlait built its profitability and credentials in the global dairy industry by operating our Ingredients business to the highest standards. By establishing an Ingredients business unit as part of the organisational reset, its performance has already improved with revenues up 54% to \$423.7 million driven by commodity prices, sales volume, product mix, and attainment of product premiums. Within a context of strong commodity prices, the business has benefitted from a greater focus on sales phasing and pricing, along with an improved cost structure and FX position. The team is actively developing sales strategies and has increased engagement with our multinational customers to build repeatable, predictable, and profitable business for the long-term.

- We are halfway through the on-boarding of Synlait Pokeno’s new multinational customer which will enable us to produce nutritional adult and paediatric plant-based products for the Asia Pacific region. The first base powder and finished good trials are complete, and commercial production is on-track to start late 2022. Our dedicated Nutritionals team is building new base powder relationships with multinational customers and Chinese domestic players as the global market rebuilds. Several initiatives and trials are underway.
- Dairyworks’ ambition to be the second biggest player in the New Zealand consumer dairy food category is gaining traction. It launched its own-branded milk and cream range in the Foodservice channel in H1 22. Category extension also continues for its Protein Fit yoghurt range which has achieved national distribution and can be found in 300 New Zealand stores.

As a backdrop to this progress we are experiencing extremely high dairy commodity prices which will lead to a record milk price for our farmers this year. An improved focus on our Ingredients business means that after starting from a weak sales position late last season, we have been able to consistently take advantage of sales conditions, particularly the strong relative pricing of Skim Milk Powder. The turnaround in our Ingredients business and flexibility within our product mix has meant that very high dairy prices have had no impact on our ability to pay a competitive milk price.

Grant Watson’s appointment as CEO was made in light of the challenges Synlait faced in the last 12 to 18 months. Grant has made an excellent start in his role and brings a very strong commercial focus to the next stage of our recovery plan. His discipline when it comes to execution is relentless. We are already seeing increased accountability filter through to our internal planning

processes, resource allocation, and accountability frameworks. Grant is clearly identifying and articulating what needs to be done to return Synlait to robust profitability.

Governance changes

As well as aligning structure to strategy and appointing Grant as CEO, you, as shareholders, approved several Governance changes at our Annual Meeting which have now been implemented.

Our Chair, Graeme Milne ONZM, retired from the Board at the Annual Meeting after 17 years. To enable me to step into the Chair role and deliver a well-managed leadership transition with Grant, a constitution change was required so that the Board Chair could be a Non-Independent Director. The Annual Meeting resolution passed with overwhelming shareholder support, thank you. I am not an Independent Chair. I have had a long history with the company holding several roles including, co-founder, CEO and director.

The Board and I firmly believe that having an Independent Chair is best practice, and we hope my tenure will be for a short period as a permanent, independent successor is found.

Filling Graeme’s place as an Independent Director is Paul McGilvary who started in January and brings strong dairy sector experience to Synlait. Notably, Paul was the CEO of HortResearch (now Plant and Food) and then CEO of Tatua Dairy Company, before establishing his governance career.

Qikai Lu (Albert) and Min Ben have stepped down as the Bright Dairy Holding Limited appointed Directors on the Synlait Board. On behalf of all Directors, thank you to Albert and Min for their contribution and commitment to Synlait. Albert and Min are replaced by Min Chen (Joyce) and Dr Gui Min (Gracie). Joyce joined Bright Dairy in 2007 and has been Chief Internal Auditor since 2016. Gracie is Director of Marketing of the Nutrition Section and has a Ph.D. in pharmacology.

Finally, Graeme's 17-year tenure with Synlait needs to be acknowledged. Graeme joined Synlait when we were a dairy farm and shared our vision of building a world-class manufacturing company in Dunsandel. Graeme had an enormous influence on the strategy and direction of Synlait as our plans came together – and we literally built Dunsandel from the ground up. Right from the beginning he had an unwavering commitment of time, energy, and experience to give to Synlait and to me personally. His calm nature has carried us through good and bad times. Graeme, on behalf of the Board, leadership team and staff, thank you for your enormous contribution to Synlait's growth.

Our ongoing response to COVID-19 proves successful

It has been a challenging period for our people. Our Auckland and Pokeno teams spent the majority of H1 22 in lockdown as the COVID-19 Delta variant circulated in our largest city. Now all our teams across New Zealand have been impacted by Omicron.

Synlait's goal throughout this pandemic has been to keep our people safe, keep their families safe, keep our facilities running, and keep COVID-19 away – not just for us, but for all New Zealanders, and our friends in the global community. New Zealand's COVID-19 situation became very real, very quickly and we are extremely proud of how our people responded to keep each other safe. Our workforce is fully vaccinated and our daily rapid antigen testing programme has detected dozens of presumptive results, which has ensured that our people and facilities remain safe.

It has been a challenging first half, particularly with the added complexity of Omicron. Thank you to our Synlait team for their continued patience, commitment, and determination as we work with Grant and the leadership team to turn this business around.

I look forward to continuing to meet with you in my new role as Chair. I am committed to delivering a well-managed leadership transition with Grant and continuing to support our

recovery plan. I hope today's result demonstrates we are on-track to provide you with a significantly stronger balance sheet and robust profitability by the end of this financial year.

Stay safe and well.



Dr John Penno
Chair

Synlait has mandated that all staff, contractors and visitors must be fully vaccinated against COVID-19 to enter our facilities. As an additional precaution all staff are currently undergoing daily rapid antigen testing on entry to our sites. Here a staff member is tested by our health and safety team on arrival at work.



FIRST IMPRESSIONS FROM OUR NEW CEO

Tēnā koe shareholders

It is an absolute privilege to have joined Synlait as CEO. I have watched Synlait’s journey for years. One thing I have always appreciated about Synlait is that it is well positioned – it has both scale and agility. The opportunity to be your CEO was too good to turn down. This is an amazing role in an innovative, entrepreneurial business with world class sustainability credentials.

My first 10 weeks have been a whirlwind of learning. In my first report to you, our shareholders, I will introduce myself, share my first impressions, and communicate my priorities for the second half of this financial year.

About me

I joined the Synlait team from Miraka, a Taupō based dairy company where I was CEO. Miraka is owned predominantly by two Māori whānau who came together to build the world’s first dairy-processing plant powered by geothermal energy. My time at Miraka gave me an appreciation for Māori culture and business, and for their highly sustainable farming practices.

Prior to Miraka, I spent 10 years at Fonterra. I held several roles including Director of Global Foodservice, Managing Director of Tip Top, and Director of Route and Foodservice (Fonterra Brands New Zealand).

I started my career at McDonald’s New Zealand where my first role was instore making Big Macs. During my 18 years with the business, I worked my way up through the organisation to become Chief Operating Officer.

CEO Grant Watson outside the milk reception bay at our Dunsandel facility



Throughout my career I have held several governance and directorship roles and been involved in smaller entrepreneurial businesses.

I have inherited an enormous legacy from John Penno and the Board. I believe my appointment represents a step change in our journey as Synlait enters 2022 with significant change and challenge behind it. I am excited to take the experiences from my career to shape and grow Synlait for the better. My vision is for Synlait to be a world class organisation enabled by a culture of innovation, accountability, sustainability, and a true sense of purpose.

FIRST IMPRESSIONS

1. **Synlait has amazing DNA**
Our innovative and disruptive culture along with our strong sustainability credentials is what sets us apart. Our team's desire to do things differently is infectious and evident everywhere.
2. **Momentum is building**
Today's result validates that momentum is building. We are six

months into a two year recovery plan. Our team is driving the plan forward with pace.

3. **Greater focus and accountability is required to get to the next level**

To deliver on our enormous potential and return Synlait to strong, sustainable growth we need a greater level of focus and accountability right across the organisation. Improving our systems, tools, and processes will improve our ability to execute with excellence – this is a significant opportunity.

4. **Our people make Synlait what it is today**

We have a fantastic base of loyal farmer suppliers who remain committed to delivering excellence through Lead With Pride™. We continue to strengthen our relationships with current customers and build connections with future ones. Of course, we cannot do what we do without our staff. Our team has been through a challenging couple of years, and I am impressed with their commitment and loyalty to Synlait.

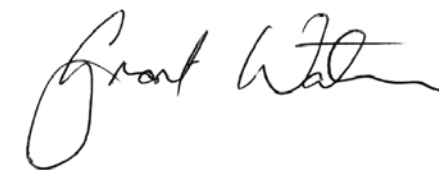
KEY PRIORITIES

1. The successful delivery of critical projects. These include:
 - Successful renewal of our SAMR license for Chinese labelled a2 Platinum® Infant Formula to ensure our access to the China market is retained.
 - Successful implementation of our new Enterprise Resource Planning system on 1 August.
 - Ensure readiness to successfully commence commercial production for Synlait Pokeno's new multinational customer.
2. Navigating Omicron's impact on our people and supply chains, and ultimately deliver on the goal Synlait set at the start of this pandemic, which was to keep our people safe, keep their families safe, keep our facilities running, and meet the needs of our farmer suppliers and customers.

3. Rebuilding our team and internal culture following a period of constant change and reorganisation. We need to ensure our people feel engaged, committed, and reenergised to successfully build our business back up and return it to sustainable profitable growth.
4. Reviewing our strategy to ensure it has sufficient clarity and focus to deliver the second year of our recovery plan.

Since joining the team I have spent time with our staff, farmer suppliers, and customers. I look forward to hearing your perspectives on Synlait as we connect over the coming months.

Nāku iti nei, nā.



Grant Watson
CEO

