



A Synlait tanker truck is parked on a paved road in a rural landscape. The truck is white with a large pink stripe and the word "Synlait" written in white on the side. In the background, there are green fields with several black and white cows grazing. Distant mountains are visible under a blue sky with scattered white clouds. A large pink graphic element is on the left side of the image, containing text.





Synlait

HALF YEAR RESULTS CHAIR AND ACTING CEO REVIEW

For the six months ended 31 January 2025

RESULTS AT A GLANCE

 <p>▲ \$43.2M \$63.1M TOTAL GROUP EBITDA</p>	 <p>▲ \$101.0M \$4.8M TOTAL GROUP NPAT</p>
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 <p>▼ 29% \$391.9M NET DEBT</p>	 <p>▲ 88% (\$12.0M) OPERATING CASHFLOW</p>
 <p>▲ 16% \$916.8M TOTAL GROUP REVENUE</p>	 <p>▲ \$43.4M \$87.0M TOTAL GROUP GROSS PROFIT</p>

FY25 FORECAST MILK PRICE

 <p>▲ 28% \$10.00 FORECAST BASE MILK PRICE</p>	+	<p>\$0.28 FORECAST AVERAGE SYNLAIT MILK INCENTIVE</p>	+	<p>\$0.20 SYNLAIT SECURED MILK PREMIUM¹</p>	=	<p>▲ 30% \$10.48 FORECAST AVERAGE MILK PAYMENT FOR SYNLAIT SUPPLIERS</p>
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All comparisons are against HY24 (except net debt and milk price, which are both against FY24).

¹ Farmers committed to supply Synlait without a cease notice in place are eligible for additional secured milk premium payments in FY25, FY26, FY27 and FY28.



George Adams
Chair

MESSAGE FROM OUR CHAIR AND ACTING CEO

Dear Shareholders,

When we last wrote to you, our promise for this financial year was to deliver.

Focusing on the core fundamentals of operating a manufacturing company without the distraction of a much-needed balance sheet reset has enabled us to do just that, returning Synlait to profitability in the six months ending 31 January 2025.

Given the position Synlait was in 12 months ago, this result is a considerable commercial achievement. Overall, we describe it as encouraging given we still have a lot of work to do.

SYNLAIT'S PROGRESS TO DATE

Even the briefest look at the numbers will reveal the progress Synlait has made.

Year-on-year, total group revenue is up 16%, gross profit has increased by 99%, Advanced Nutrition sales volumes have risen 28%, while net debt has dropped by 29%.

This positive turnaround was delivered through a focus on getting the fundamentals of our operational performance right, seizing opportunities to deliver for our customers, and prudent financial management.

The uplift in Advanced Nutrition demand, optimisation of our North Island operations, higher commodity prices, improved foreign exchange performance, and a focus on controlling working capital also underpinned our encouraging performance.

Here are the key highlights:

- Earnings before interest, taxes, depreciation, and amortization (EBITDA) of \$63.1 million, just above the guidance range of \$58 million to \$63 million announced in January 2025.
- A return to profitability with a net profit after tax (NPAT) of \$4.8 million achieved.

- A 29% reduction in net debt to \$391.9 million, largely delivered via last October's equity placement by our two major shareholders, Bright Dairy and The a2 Milk Company.
- Growing momentum in milk retention. The majority of Synlait's South Island farmer suppliers are not under cease and the company is very comfortable with its forecast milk supply for the next financial year (FY26).

Synlait is making headway on the road to recovery and while there is still a long journey ahead, we have plenty of opportunities to extract more value along the way.

Further commentary on Synlait's first half financial performance and second half outlook can be found in the Investor Presentation.

We want to acknowledge the commitment, passion and resilience Synlait's people have shown. Their hard work delivered this result and for that

we say a heartfelt thank you. We hope the team enjoys a little sun on their backs today.

The focus now is to consistently deliver – every day, every week, every month, every quarter, and every year.

FOCUSING ON THE FUNDAMENTALS

The fundamentals of manufacturing are cost, quality, and yield. This is where we are directing our focus and the approach is delivering results.

One example is the lift in performance of Dunsandel's blending and canning line, which is now regularly setting new production records and consistently exceeding daily targets. The lift was delivered through a combination of continuous improvement activities, an ongoing focus on asset care, and capability growth.

Bright Dairy's knowledge and technical support are proving valuable,



Tim Carter
Acting CEO

particularly in ensuring our Enterprise Resource Planning (ERP) system is now a core business-as-usual system across all operations. Our regulatory and quality teams are also gaining increased insights about China market access from Bright's team on the ground in Shanghai.

Taking a conservative approach to cost management is now embedded in Synlait's DNA. Selling, General and Administrative costs have decreased by \$2.3 million or 4% driven by lower consultancy costs, while manufacturing costs are also showing signs of improvement.

We cannot, and will not, loosen our focus on cost management as we strive to continue lifting our profitability.

Cost management, alongside the much-needed balance sheet reset, means our banks remain incredibly supportive.

REBUILDING FARMERS' TRUST AND CONFIDENCE

Our farmers will have an eagle eye on today's results, after making their expectations of a performance lift exceptionally clear.

Farmer suppliers are the backbone of Synlait and retaining milk supply has been a core focus of this half year. Our goal has been to show every farmer why Synlait is a valuable processor.

We have actioned new guarantees to match (at a minimum) the industry milk price and advance rates, as well as new, special secured milk premiums to show farmers the confidence Synlait's Board has in our future.

We are pleased to report that the majority of our South Island farmer suppliers are not under cease – this is a significant improvement on our position from six months ago.

Given today's return to profitability, we expect the number of cease withdrawals will increase further ahead of 31 March 2025, which is the final date for farmers to remove their cease if they wish to access all of the new, secured milk premiums. Only a minimal number of farmers have confirmed they are exercising their option to leave Synlait for an alternative processor.

In addition, we are very comfortable with forecast milk supply for the next

financial year, and interest from potential new farmer suppliers has exceeded expectations.

We hope today's result further lifts farmer confidence. We are based in an increasingly competitive market for milk and are committed to continually ensuring Synlait is Canterbury farmers' processor of choice.

SEIZING CUSTOMER OPPORTUNITIES

If farmer suppliers are the backbone of Synlait, customers are the lifeblood, and our teams are working hard to ensure we deliver on every opportunity our valued customers give us.

This means continuously delivering high-quality and in-spec product, collaborating and innovating to meet volume uplifts, while exploring and accelerating new business opportunities as part of our strategy to diversify risk and deliver growth.

Green shoots are emerging with new customers, as commercial sales for Synlait's Nutrabase™ base powder range commence. Our distribution partnerships are seeing our products

reach new markets with our UHT whipping cream now sold into Hong Kong, alongside Southeast Asia.

We continue to work with The a2 Milk Company to deliver on their infant milk formula growth, and new opportunities such as long-term FDA approval in the USA.

Dairyworks continues to stand out as it chases global growth. Woolworths Australia sales have grown 28% year-on-year thanks to strong promotional activity, and a distributor agreement was signed for the exclusive sale of Alpine branded cheese for Foodservice in this market.

Dairyworks has now entered Vietnam in partnership with Annam Group, a premier distributor of high-quality food and beverage products, which introduces 14 Dairyworks branded products to the market across 87 stores.

MAINTAINING OUR MOMENTUM

As we said at the outset of this letter, these results show an encouraging turnaround in Synlait's performance. However, there is still a lot of work to do.

Given we are travelling in the right direction, our priorities for the second half are very straightforward.

- 1. Showcasing Synlait's on-farm offering** – we will ensure Synlait is Canterbury farmers' processor of choice.
- 2. Delivering for existing and new customers** – we have opportunities to uplift volumes, expand distribution, and trial and commercialise new product with an expanded customer base. We will seize these opportunities.
- 3. Further uplifting operational and cost efficiency** – continued focus on the core fundamentals.

Our Board and Executive Team are actively progressing discussions about Synlait's strategy and identity going forward. Insights and data will play a key role in shaping our thinking. Our team is energised by having the space to deliver this work without the distraction of our previous challenges. We look forward to updating you on where we land later this calendar year.

The result delivered today, and the progress that underpins it, have injected real momentum into our team. Our people have a renewed determination to uplift the value we deliver to our shareholders, our farmers, our customers, and other key stakeholders year-on-year.

With strong momentum and a continued focus on doing the basics well, the Board and Executive Team are confident Synlait will keep delivering.



George Adams
Chair



Tim Carter
Acting CEO

THANKS TO TIM CARTER

Today's result demonstrates the turnaround in Synlait's performance under Tim's leadership. The Board is extremely grateful for the momentum achieved. Tim's leadership, humour, and drive to deliver played an instrumental role in Synlait's step change over the past six months.

Tim Carter will remain Acting CEO until Richard Wyeth starts at Synlait. Tim will then return to his role as CEO of Dairyworks.

Thank you Tim!

INTRODUCING SYNLAIT'S INCOMING CEO



A BIT ABOUT RICHARD

Richard was appointed CEO of Westland in February 2021 to lead the transformation of the business under the ownership of Yili.

He has a long history within the New Zealand food and fibre sector.

Within the dairy industry, Richard helped establish Open Country Dairy before taking on the role of founding CEO for Miraka.

He has also held management positions with Coca-Cola Amatil and DB Breweries.

A PROVEN RECORD OF SUCCESS

Richard delivered a \$120 million turnaround in his first full year at Westland, after it posted an \$80 million loss. Since then, Westland has posted record profits year-on-year under his leadership.

Prior to that, Richard was Miraka's first employee. He spent 10 years transforming the North Island company from a plan and a greenfield site to a highly successful entity with more than 140 employees, a \$250 million turnover and a global customer base.

A STRONG COMMITMENT TO FARMERS

One of the many reasons our Board appointed Richard is his experience in working with and delivering for farmers.

At Westland and Miraka, Richard developed initiatives that added value to farmer businesses.

Richard grew up on a farm in the Wairarapa in New Zealand's North Island. We know he will add real value and insight as we work to showcase our on-farm offering.

Our new CEO is Richard Wyeth – one of New Zealand's most experienced and tested dairy executives with a strong track record in successful business transformation.

Richard was announced as Synlait's new CEO earlier this month and joins the team in mid-May.

The Board went through a robust recruitment process and was left with no doubt that Richard has the experience and capability to further Synlait's recovery and current momentum.



FOR MORE INFORMATION CONTACT:

Hannah Lynch
Head of Milk Supply, Strategy & Corporate Affairs
+64 21 252 8990
hannah.lynch@synlait.com