



NZX: SML
ASX: SM1

12 February 2024

Synlait Half Year 2024 Update

Synlait Milk Limited (Synlait) currently expects its total Net Profit After Tax (NPAT) for the six-month period ended 31 January 2024 (HY24) to be a net loss in the range of (\$17) million to (\$21) million.

The range is based on Synlait's initial consolidated result, which is subject to further review and may be subject to further adjustments as the company prepares its HY24 financial statements for release on Monday 25 March 2024. The HY24 result remains subject to review procedures by Synlait's auditor, and the range excludes any additional adjustments, including accruals, provisions, and impairments, which are still being assessed.

The previously announced guidance stated that Synlait expected its HY24 NPAT to be down on HY23, mainly due to increased financing costs and changes in margin. For reference, Synlait's HY23 NPAT was \$4.8 million¹.

The HY24 result has mainly been impacted by:

- Increased financing and operational costs.
- Ingredient margin reductions.
- Advanced Nutrition margin reductions.

In September 2023, Synlait stated its earnings before interest, taxes, depreciation, and amortisation (EBITDA) performance was expected to improve in FY24, compared to FY23. Synlait's expectation is now that the FY24 EBITDA result is expected to be broadly flat or down on FY23.

The Board and Management are actively working on the need to deleverage Synlait's balance sheet as a priority. Synlait will provide an update when it releases its HY24 result in March.

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¹ Synlait has undertaken a review of its product costing methodology and implemented a new costing policy, which will result in restatement of historical inventory balances, cost of sales, and related tax impacts. The range above is calculated using the new product costing methodology, which provides an upside compared to corresponding reporting provided in HY23. A detailed explanation of the change will be included in the HY24 result.