

NZ RegCo

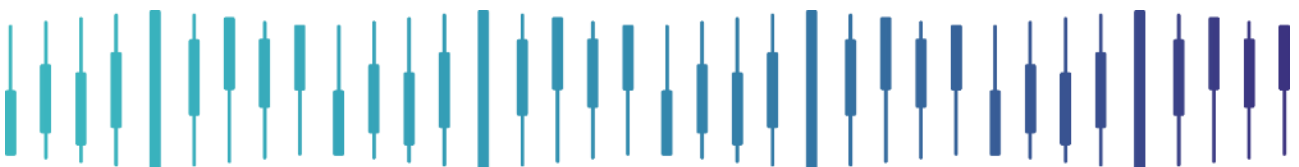
NZ'S LISTED
MARKET REGULATOR

29 June 2026

NZ RegCo Decision

Synlait Milk Limited (SML)

Application for waiver from NZX Listing Rule 5.2.1



Background

1. The information submitted by SML on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not, or ceases to be, full and accurate in all material respects.
2. The NZX Listing Rule (**Rules**) to which this decision relates is set out in Appendix Two.
3. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.

Waiver from Listing Rule 5.2.1

Decision

4. Subject to the conditions set out in paragraph 5 below, and on the basis that the information provided by SML is complete and accurate in all material respects, NZ RegCo grants SML a waiver from Rule 5.2.1 to the extent that this Rule would otherwise require the Transaction to be approved by Ordinary Resolution of SML's shareholders.
5. The waiver in paragraph 4 above is provided on the conditions that:
 - a. the non-interested Directors of SML certify that the terms of the Transaction have been entered into, and have been negotiated, on an arm's length commercial basis;
 - b. the non-interested Directors of SML certify that SML was not influenced to enter into the Transaction by Bright Dairy Holding Limited or Bright Dairy International Investment Limited;
 - c. the non-interested Directors of SML certify that the granting of the waiver in respect of the Transaction is in the best interests of:
 - i) SML; and
 - ii) all of SML's shareholders;
 - d. the non-interested Directors of SML certify that the Transaction is in the best interests of:
 - i) SML;
 - ii) all of SML's shareholders; and
 - iii) all of SML's shareholders who are not precluded from voting under Rule 6.3;
 - e. the non-interested Directors of SML include in the certificate a summary of the core grounds for the certification given under each limb of conditions (a), (b), (c) and (d) described above; and
 - f. the waiver, its conditions and implications being disclosed in SML's next annual report.
6. NZ RegCo will publish the certificate to market alongside publication of the waiver decision.

Reasons

7. In coming to the decision to provide the waiver set out in paragraph 4 above, NZ RegCo has considered that:
 - a. The purpose of Rule 5.2.1 is to ensure that shareholders have an opportunity to consider, and vote on, Material Transactions where there is, or may be a perception of, the potential for undue influence by a Related Party on an Issuer's decision to enter into a transaction or agree to its terms. The policy behind Rule 5.2.1 is to ensure that a Related Party does not

exercise undue influence or use personal connections to reach a favourable outcome for, or a transfer of value to, the Related Party in respect of a transaction and that shareholders are given an opportunity to review transactions where the board may have been subject to actual or perceived influence from a Related Party.

- b. The NZX Guidance Note on Major and Related Party Transactions (**Guidance Note**) outlines that NZ RegCo may waive the requirement to obtain shareholder approval of a Material Transaction with a Related Party if it is satisfied that the personal connections with, or involvement or personal interest of, any Related Party are immaterial or have not influenced the promotion of, or the decision to enter into, the transaction or its terms and conditions.
- c. An applicant for a waiver from Rule 5.2.1 must establish that:
 - i) the terms of the Material Transaction have been entered into, and negotiated, on an arm's length commercial basis;
 - ii) the Issuer was not influenced to enter into the Material Transaction by the Related Party;
 - iii) the granting of any waiver is in the best interests of the Issuer, and the shareholders who are not precluded from voting under Rule 6.3 (being the Related Party and its Associated Persons); and
 - iv) the entry into the Material Transaction is in the best interests of the Issuer, all of the Issuer's shareholders, and the shareholders who are not precluded from voting under Rule 6.3.
- d. The granting of this waiver will not offend the policy behind Rule 5.2.1 and satisfies the matters set out in the Guidance Note and paragraph 7(c) above because SML has submitted, and NZ RegCo has no reason not to accept, the following matters in relation to the Transaction.

Arm's length basis

- e. The terms of the Transaction have been negotiated, and will be entered into, on an arm's length commercial basis because:
 - i) The proposed terms of the Replacement Bright Loan are substantially the same as the terms of the Existing Bright Loan;
 - ii) The Replacement Bright Loan has been negotiated on an arm's length basis, and SML's non-interested Directors for the transaction will give a certificate to that effect;
 - iii) Directors of SML who are not sitting on the IDC have not been involved in the development of the Replacement Bright Loan, the wider terms of the refinancing of the Existing Bright Loan or engagement with the proposed lenders under the new Syndicated Facilities. In particular, those Directors who are nominees or representatives of Bright Dairy have been excluded from all IDC deliberations and have not had access to any IDC papers, legal advice or negotiation strategies. SML's non-interested Directors consider that the arm's-length nature of the negotiation is demonstrated by:
 - (1) the use of separate independent legal advisors for each party;
 - (2) the exclusion of Bright-nominated or associated Directors from the process;
 - (3) the IDC initiating and proposing the Terms Sheet (rather than receiving terms from the Bright Lender); and
 - (4) the limited nature of the changes from the Existing Bright Loan.

No influence by Related Party

- f. SML's non-interested Directors do not consider that the terms of the Replacement Bright Loan, or the Transaction, have been subject to any undue influence because:
- i) those terms (including the principal deferral and interest deferral provisions) are already in existence under the Existing Bright Loan. The Replacement Bright Loan has been prepared to replace the Existing Bright Loan on substantially the same terms — it has not sought to extract any additional benefit or concession in return for maintaining these provisions;
 - ii) there have been no material concessions made by the IDC to the Bright Lender in order to agree the Replacement Bright Loan on substantially the same terms as the Existing Bright Loan. The limited changes made are either minor (removal of the Dairyworks provisions and certain events of review that are no longer relevant) or reflect the new interest rate and maturity date, with the new interest rate mechanism still being concessionary to SML;
 - iii) SML, as represented by the IDC, and the Bright Lender are both aware of the importance of the continuation of the Existing Bright Loan on substantially the same terms in order to secure the refinancing of the Syndicated Facilities;
 - iv) The IDC initiated and drove the process. It prepared the proposed Terms Sheet, identified the limited changes from the Existing Bright Loan, and put the proposal to the Bright Lender for consideration — rather than receiving and responding to terms proposed by the Bright Lender;
 - v) Directors of SML who are not sitting on the IDC, and who are nominees or representatives of Bright Dairy, were excluded from all IDC deliberations, did not have access to IDC papers or legal advice, and were not involved in the development of the Replacement Bright Loan or engagement with the proposed lenders under the new Syndicated Facilities; and
 - vi) The IDC conducted its assessment of the fairness of the Replacement Bright Loan having regard to: the absence of alternative funding sources; the borrower-friendly terms being retained; the concessional interest rate (given the subordination); and the overall benefit to SML and all shareholders of securing the refinancing of the Syndicated Facilities.

Best interests

- g. SML's non-interested Directors consider the Replacement Bright Loan and the waiver to be in the best interests of SML, all of the SML's shareholders, and the shareholders who are not precluded from voting under Rule 6.3 (and will give a certificate to that effect) for the following reasons:

Best interests - Transaction

- i) The \$130 million Existing Bright Loan represents a substantial portion of SML's capital structure. Replacing this with a new third-party lender is not feasible in the available timeframe given SML's current financial position;
- ii) SML's existing Syndicated Facilities mature on 30 June 2026 and must be repaid or refinanced by that date. The Replacement Bright Loan is a condition of the new Syndicated Facilities being made available (as the New Lending Group that proposes to provide the Syndicated Facilities requires certainty that the Existing Bright Loan will be refinanced concurrently);

- iii) The Replacement Bright Loan is on substantially the same terms as the Existing Bright Loan that was approved by shareholders by a 99.59% majority in 2024. Entry into the Replacement Bright Loan preserves the status quo and does not materially alter the transaction previously approved by shareholders;
- iv) The terms of the Replacement Bright Loan contain only limited changes from the Existing Bright Loan. These changes are not materially adverse to SML compared to the current position under the Existing Bright Loan. The Replacement Bright Loan will include interest deferral and principal deferral terms and with the new interest rate mechanism still being concessionary. In particular, the obligation on SML to make a payment of principal at maturity can be deferred in the event that SML would not satisfy the solvency test immediately following such payment, or if SML has breached or will breach a financial covenant that applies in respect of the Syndicated Facilities. This principal deferral provision is of importance to SML and is advantageous. SML's non-interested Directors consider it is unlikely that a commercial lender would provide funding on equivalent terms, particularly the principal deferral at maturity;
- v) Even if a third-party lender could be identified, the negotiation, documentation and completion of a new \$130 million subordinated loan facility would take significantly longer than the timeframe available before 30 June 2026;
- vi) The interests of all shareholders are aligned — Bright and minority shareholders benefit from SML avoiding a default and refinancing its current facilities in an orderly manner;

Best interests - Waiver

- vii) Because the New Lending Group under the new syndicated facilities is not yet in place to approve the terms of the Replacement Bright Loan, SML is not in a position to prepare a notice of special meeting (and accompanying independent appraisal report) to seek approval of its shareholders of the terms of that Replacement Bright Loan;
- viii) Without the Replacement Bright Loan being in place, the new Syndicated Facilities will not be advanced. If the new Syndicated Facilities are not advanced, SML will default on repayment of its existing Syndicated Facilities on 30 June 2026. A default would have severe consequences for SML and all of its shareholders; and
- ix) The waiver provides the certainty required to complete the refinancing within the required timetable. Without a waiver, SML cannot be certain that the new Syndicated Facilities will be unconditional by 30 June 2026.

Other

- h. SML shareholders had the opportunity to consider and vote on the terms of the Existing Bright Loan when it was approved at a special meeting of shareholders on 11 July 2024. Shareholders approved the Existing Bright Loan by a majority of 99.59% of votes cast, with 105,218,019 votes cast out of a total of approximately 134 million votes that were eligible to be cast on the resolution.
- i. SML will, to the extent applicable, release all material information relating to the Replacement Bright Loan and the wider refinancing process to the market in accordance with SML's continuous disclosure obligations under the Listing Rules.
- j. The above factors demonstrate the limited involvement of Bright Dairy (as the Related Party) is immaterial or has not influenced the promotion of or the decision for SML to enter into the Transaction or its terms or conditions.

- k. The conditions of the waiver require non-interested Directors of SML to provide certification to its shareholders that:
- i) the terms of the Transaction have been entered into, and have been negotiated, on an arm's length commercial basis;
 - ii) SML has not been influenced to enter into the Transaction by the Related Party or its Associated Person;
 - iii) the Transaction will be in the best interests of SML and SML's shareholders;
 - iv) the granting of the waiver decision is in the best interests of SML, SML's shareholders taken as a whole and all of SML's shareholders who are not precluded from voting under Rule 6.3; and
 - v) entry into the Proposed Transactions is in the best interests of each of SML and all SML shareholders other than the Related Party and its Associated Persons.

Appendix One

Background

1. Synlait Milk Limited (**SML**) is a Listed Issuer with Equity Securities on the NZX Main Board.
2. SML is a dairy manufacturer, with its core business being the supply of high value advanced nutritional formulas and powders, dairy ingredients and liquid dairy products to leading health and nutrition companies internationally.
3. Bright Dairy Holding Limited (**Bright**) holds 65.3% of the shares in SML.
4. SML currently has the following funding arrangements in place:
 - a. committed banking facilities totalling \$200 million (constituting SML's syndicated bank facilities and a bilateral overdraft facility) (the **Syndicated Facilities**); and
 - b. a \$130 million (plus capitalised amounts) shareholder loan advanced by Bright Dairy International Investment Limited (**Bright Lender**, and together with Bright, **Bright Dairy**) pursuant to a shareholder loan agreement dated 4 July 2024 (**Existing Bright Loan**).
5. The Existing Bright Loan was approved at a special meeting of SML shareholders on 11 July 2024. The relevant notice of special meeting was published on 25 June 2024 and was accompanied by an independent appraisal report for shareholders to support their consideration of the resolution. Northington Partners prepared the independent appraisal report and concluded that the terms and conditions of the Existing Bright Loan were fair to SML shareholders not associated with Bright Dairy.
6. The Existing Bright Loan was drawn down on 12 July 2024. The Existing Bright Loan was initially for a term of 12 months and included an option for SML to unilaterally extend the term by 12-months. That option was exercised by SML on 13 June 2025. The Existing Bright Loan is currently due to mature on 12 July 2026. All of the Syndicated Facilities are due to mature on 30 June 2026 (excluding the \$15m bilateral overdraft facility, which is on-demand).
7. Although SML has recently repaid significant borrowings to its banks, SML is still reliant upon the Existing Bright Loan as a core part of its capital structure.

Information from banking syndicate

8. SML has been in discussion with lenders regarding the refinancing of the Syndicated Facilities and the likely requirements for any replacement to the Existing Bright Loan (which is junior to the Syndicated Facilities). Based on these discussions, which remain ongoing and incomplete, refinancing or extension of the terms of the Existing Bright Loan has been determined to be a condition for senior lender support to refinance Syndicated Facilities. The extension or replacement of the Existing Bright Loan will need to be entered into prior to the refinancing of the Syndicated Facilities becoming effective.

Replacement Bright Loan

9. Refinancing or replacement of the Existing Bright Loan (the **Replacement Bright Loan**) is required as a condition to refinance SML's critical Syndicated Facilities, which is due by 30 June 2026.
10. SML formed an **Independent Directors' Committee (IDC)** specifically to deal with the negotiation of the refinancing of the Existing Bright Loan and the terms of a proposed Replacement Bright Loan (being, the **Transaction**). The IDC was formed in March 2026 before discussions commenced with any party and under a mandate provided by the SML Board. The members of the IDC are the two SML Independent Directors, with it chaired by the independent Chair, George Adams.

11. The IDC and Bright Dairy have been separately advised by independent legal counsel. The Replacement Bright Loan has been negotiated between counsel with input from their respective clients.
12. On 8 June 2026, SML announced that it was progressing discussions in relation to the Syndicated Facilities. The market announcement confirmed that Bright Dairy has approved its entry into the Replacement Bright Loan and set out a summary of the proposed terms of the Replacement Bright Loan in a schedule to that announcement.
13. The Replacement Bright Loan is on substantially the same terms as the Existing Bright Loan. SML and Bright Dairy will implement the Replacement Bright Loan by SML repaying the Existing Bright Loan and substantially contemporaneously borrowing new funding of the same principal amount (being \$130 million) under a new loan agreement. The only material differences between the two loans are:
 - a. the term is for two years with no extension option;
 - b. the interest rate is equal to 3-month BKBM plus a margin. The margin will be reset such that the initial margin for the period from drawdown until the refinancing of the Syndicated Facilities in 2027 will be equal to the weighted average margin (plus, in respect of revolving facilities, the line fees) payable in respect of the Syndicated Facilities. From the closing date of any refinancing of the Syndicated Facilities in 2027 through to the maturity date, the margin will be equal to the weighted average margin (plus, in respect of revolving facilities, the line fees) payable in respect of the refinanced Syndicated Facilities; and
 - c. legacy provisions that are no longer applicable have been removed.

Timing

14. A new SML banking syndicate was formed through the entry into documentation for the refinanced Syndicated Facilities on 29 June 2026 (**New Lending Group**). A number of new lenders are being added to the New Lending Group in order to make up the required level of commitments for the refinanced Syndicated Facilities.
15. The refinanced Syndicated Facilities are to be for a term of one year (although with staggered commencement dates so some of the Facilities will mature on 30 June 2027 (subject to a lender right to extend to 30 September 2027) and other facilities will mature between 30 June 2027 and 30 September 2027), with refinancing of these facilities to occur in 2027. This will be ahead of maturity of the Replacement Bright Loan which will mature 24 months from the date of the first drawdown.
16. SML does not consider it has sufficient time to seek shareholder approval of the Replacement Bright Loan ahead of the need to refinance the Syndicated Facilities.

Application of Rule 5.2.1

17. Rule 5.2.1 prohibits an Issuer from entering into a Material Transaction if a Related Party is, or is likely to become a direct party to the Material Transaction, or a beneficiary of a guarantee or other transaction which is a Material Transaction, unless that Material Transaction has been authorised by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or is conditional on such approval.
18. A Material Transaction includes a transaction, or a related series of transactions, whereby an Issuer:
 - a. buys, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of, assets having an Aggregate Net Value above 10% of the Issuer's Average Market Capitalisation; or

- b. borrows, lends, pays or receives money, or incurs an obligation of an amount above 10% of the Average Market Capitalisation of the Issuer; or
 - c. provides or obtains any services where the gross cost to the Issuer in any financial year is likely to exceed an amount equal to 1% of the Average Market Capitalisation of the Issuer.
19. A Related Party for the purposes of the Rules includes persons who, at the time of a Material Transaction, or at any time within the previous six months, was:
- a. a Director or Senior Manager of the Issuer or any of its Subsidiaries;
 - b. the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes; or
 - c. an Associated Person of the Issuer or any of the persons referred to in (a) or (b), except where the person becomes an Associated Person as a consequence of the Material Transaction.
20. The Existing Bright Loan was a Material Transaction with a Related party. The proposed Replacement Bright Loan will also be a Material Transaction with a Related Party.

Directors' certificate

21. The Directors' certificate is the non-interested Directors' position on the matters set out in paragraph 7(g) of the reasons section above which they believe are the relevant grounds for the Transactions and the granting of the waiver. NZ RegCo's own position is outlined in the reasons section of this decision and may differ to the grounds presented in the certificate.
22. Where there are factors which appear in the Directors' certificate and not in the waiver decision, this is because NZ RegCo has taken the view that the factor was not appropriate to consider in granting the waiver.

Appendix Two

Rule 5.2 Transactions with Related Parties

- 5.2.1 An Issuer must not enter into a Material Transaction if a Related Party is, or is likely to become:
- (a) a direct party to the Material Transaction; or
 - (b) a beneficiary of a guarantee or other transaction which is a Material Transaction,
- unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or conditional on such approval.

Relevant Definitions

Material Transaction means a transaction, or a related series of transactions, whereby an Issuer:

- (a) buys, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of, assets having an Aggregate Net Value above 10% of the Issuer's Average Market Capitalisation;

...

Related Party means a person who, at the time of a Material Transaction, or at any time within the previous six months, was:

- (a) a Director or Senior Manager of the Issuer or any of its Subsidiaries,
- (b) the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes,

...

Issuer means:

...

- (b) includes, as the context permits, all members (other than another Listed entity or that Listed entity's Subsidiary) of any group of companies or other entities of which such Issuer is the holding company or has a controlling interest, to the extent this is necessary to prevent the object of the Rules being frustrated or avoided by the use of a separate legal entity;

...

Subsidiary means:

- (a) a subsidiary within the meaning of section 5 of the Companies Act 1993 (read together with sections 7 and 8 of that Act), and
- (b) an entity treated as a subsidiary within the meaning of any financial reporting standard approved in terms of section 19 of the Financial Reporting Act 2013.