Synlait

EQUITY RAISING INVESTOR PRESENTATION

10 November 2020

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(a) A placement to eligible institutional and other selected investors (Placement); and

(b) A share purchase plan to existing shareholders of the Company with a registered address in New Zealand or Australia (Share Purchase Plan),

in New Zealand under clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013 (FMCA) and in Australia under part 6D.2 of the Corporations Act 2001 (Cth) (the Corporations Act), as notionally modified by Australian Securities and Investments Commission (ASIC) Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and ASIC Instrument 20-1052 (Australian Exemptions) (the Placement and the Share Purchase Plan, together, are the Offer).

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NZX

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OFFER OVERVIEW

Offer rationale

- Synlait is raising equity to:
  1. Complete the investment phase of its strategy including the customisation of Synlait Pokeno and Auckland for processing and packaging equipment to service its new multinational customer.
  2. Strengthen its balance sheet to:
     - Provide more financial headroom as it navigates COVID-19, which is having an unpredictable impact on the stability of its current and future earnings.
     - Create capacity to deliver on its purpose: *Doing Milk Differently For A Healthier World*.

Offer summary

- The equity raise comprises an approximately NZ$180 million underwritten placement (Placement) followed by an underwritten NZ$20 million Share Purchase Plan (SPP).
- Synlait has received pre-commitments from, and has guaranteed allocation to, cornerstone shareholders Bright Dairy and The a2 Milk Company for their pro rata share of the Equity Raising and Placement respectively, for a total value of approximately NZ$114 million.
- All Synlait's New Zealand resident directors have committed to participate in the Equity Raising.

OFFER RATIONALE

Synlait Dunsandel

1 COMPLETE THE INVESTMENT PHASE OF SYNLAIT'S STRATEGY

A new multinational customer diversifies Synlait's customer, category and geographic reach

- Synlait recently announced it has signed a manufacturing supply agreement with an established, global category leader.
- Under the agreement, Synlait will manufacture, blend, and package nutrition products, which include plant-based products.
- Processing and packaging customisation will be required at Synlait Pokeno and Synlait Auckland, with indicative expenditure of $70 million spread over two years.
- Commercial production is currently projected to start mid-2022.

What this means for Synlait:

- Recognition of Synlait's world class technical and quality capabilities.
- Expected utilisation of Synlait's integrated manufacturing chain, delivering fully finished, consumer products to market.
- Expected utilisation of Synlait Pokeno and Synlait Auckland's capacity.
- Delivering on our strategy with customer, category and market diversification progressing.
- Expected to have a positive impact on earnings from FY23.

This supports Synlait to deliver improved utilisation, leverage existing operational expertise and diversify earnings overtime.

2 STRENGTHEN SYNLAIT'S BALANCE SHEET

Provide more financial headroom as it navigates COVID-19

Pro-forma capitalisation shows headroom in facilities and covenants

- The pro-forma table restates funding facilities and utilisation as at 31 July 2020 on completion of a $200 million Placement and SPP.
- Bank lending facilities as at 30 September 2020 are $600 million, an increase of $30 million from 31 July 2020.
- Assuming successful completion of the Placement and SPP, pro-forma liquidity (undrawn committed funding facilities) is NZD $303 million as at 31 July 2020 based on $200 million of revolving credit facilities, $250 million working capital facility and $180 million subordinated retail bonds.
- Proceeds from successful completion of the Placement and SPP are required under the terms of our bank lending facilities to be applied as follows:
  - Revolving Credit Facility D to be repaid and cancelled (facility currently $100 million).
  - Revolving Credit Facility A to be repaid down to $100 million and that portion above $100 million cancelled.
- Surplus equity proceeds, after bank debt repaid, available for liquidity.
- The pro-forma statement provides a leverage ratio of 2.0x as at 31 July 2020.

Pro-forma capitalisation

NZD $m	Current (31 July 2020)		Current Updated Bank Facilities[3] (31 July 2020)		Placement and SPP	Pro-forma (31 July 2020)[6]	
	Drawn	Facility	Drawn	Facility	Proceeds	Drawn	Facility
Revolving credit facility A[2]	150.0	150.0	150.0	150.0	(150.0)	-	100.0
Revolving credit facility B and C[2]	100.0	100.0	100.0	100.0	-	100.0	100.0
Revolving credit facility D[2]	-	-	-	100.0	-	-	-
Working capital facility net cash / (cash)	97.0	320.0	97.0	250.0	(50.0)	47.0	250.0
Net bank debt excluding IFRS 16 leases	**347.0**	**570.0**	**347.0**	**600.0**	**(200.0)**	**147.0**	**450.0**
Subordinated retail bonds[2]	180.0	180.0	180.0	180.0	-	180.0	180.0
Net debt excluding IFRS 16 leases	**527.0**	**750.0**	**527.0**	**780.0**	**(200.0)**	**327.0**	**630.0**
IFRS 16 lease liabilities	19.3		19.3		-	19.3	
Net debt including IFRS 16 leases	546.2		546.2		(200.0)	346.2	
Leverage ratio[4]	**3.2x**					**2.0x**	

1. Gross equity proceeds exclude transaction costs.
2. The subordinated retail bond and revolving credit facilities are based on the face value of the drawn facility amount which is prior to capitalised costs.
3. Debt facility amounts displayed for 31 July 2020 based on bank facilities as amended late September 2020. This is to help display the impact of the Placement and SPP on debt. Covenants are tested annually at 31 July.
4. The leverage ratio is calculated as net debt (including lease liabilities) divided by EBITDA.
5. Synlait also has uncommitted Receivables Purchases Agreements with ANZ and BNZ for a total of $191 million. These were drawn to $131.3 million as at 31 July 2020.
6. Bank borrowings, in particular the Working Capital and Revolver D facilities, fluctuate throughout the year to meet Synlait's operational funding requirements.

GUIDANCE UPDATE

Milk reception bay, Synlait Dunsandel

FY21 GUIDANCE UPDATE

- Synlait now expects consumer-packaged infant formula volumes to be lower than FY20, with softer demand in HY21 than previously expected as our key customer resets its own inventory levels.
- Synlait still expects volumes to increase in the second half of FY21 once stocks have cleared, however we are expecting our HY21 NPAT result to be significantly lower than HY20.
- Against this, we now expect to be at or slightly below the FY20 NPAT result for FY21 as Synlait continues to focus on optimising its assets and manufacturing efficiencies.
- This guidance is subject to the unpredictable effects of COVID-19, with consumer behaviour, channel dynamics and supply chain disruptions all subject to change.
- A further update will be provided at Synlait's half year result in March 2021.
- Synlait's updated guidance statement is available on slide 17 of this presentation.

OFFER DETAILS

Warehouse, Synlait Pokeno

EQUITY RAISE DETAILS (1/2)

Offer size and structure	• NZ$200 million equity raising (Equity Raising), comprising:
	  • Approximately NZ$180 million underwritten placement (Placement); and
	  • NZ$20 million underwritten share purchase plan (SPP).
	• Sizing of the Placement and SPP reflects the approximate composition of Synlait's shareholder base and objective to provide almost all existing eligible shareholders the opportunity to achieve at least their pro rata portion of the Equity Raising.
	• The Placement represents approximately 17% of Synlait's market capitalisation as at last close on 9 November 2020 and on a combined basis the Equity Raising represents approximately 19%.

Use of proceeds	• Synlait is raising equity to:
	  • Complete the investment phase of its strategy including the customisation of Synlait Pokeno and Synlait Auckland for processing and packaging equipment to service its new multinational customer.
	  • Strengthen its balance sheet to:
	    • Provide more financial headroom as it navigates COVID-19, which is having an unpredictable impact on the stability of its current and future earnings.
	    • Create capacity to deliver on its purpose: *Doing Milk Differently For A Healthier World*.

Placement issue price	• New shares under the placement will be issued at a fixed price of $5.10.
	• Underwritten price represents a discount of:
	  • 14.0% to the last trading price of NZ$5.93 on 9 November 2020.
	  • 6.6% to the 5-day VWAP of NZ$5.46 prior to announcement.

EQUITY RAISE DETAILS (2/2)

Ranking and quotation	• New shares issued under the Placement and the SPP will rank equally in all respects with Synlait's existing shares on issue from the date of allotment. • New shares to be quoted on NZX and ASX from allotment.
Underwriting	• Both the Placement and SPP are fully underwritten by the Underwriter with the exception of the pre-commitments of Bright Dairy and The a2 Milk Company.
Pre-commitments	• Synlait has received pre-commitments from, and has guaranteed allocation to, Bright and The a2 Milk Company for their pro rata share of the Equity Raising and the Placement respectively, for an approximate total value of NZ$114 million. • All Synlait's New Zealand resident directors have committed to participate in the Equity Raising.
Share purchase plan	• SPP to raise $20 million with no oversubscriptions. • Eligible shareholders in NZ and Australia will be invited to apply for up to NZ$50,000/A$47,000 of new shares free of any brokerage, transaction and commission costs. • New shares under the SPP will be issued at the lower of the offer price for the Placement and a 2.5% discount to the 5-day VWAP of Synlait shares on the NZX up to and including the closing date of the SPP. • SPP is subject to scaling having regard to existing holdings on the record date of 9 November 2020.
Deferred allotment to Bright Dairy	• Synlait has been granted specific waivers from the Listing Rules that allow Bright Dairy to participate in the Placement to ensure that its holding in Synlait is not diluted as a consequence of the Placement and the SPP, in order to maintain its director appointment rights under the Constitution. • Bright Dairy will be issued its shares under the Placement in two pro rata tranches, the first on the date shares are issued under the Placement and the second on the date shares are issued under the SPP.

EQUITY RAISE TIMETABLE

EVENT DATE	DATE[1]
Trading halt and announcement of Placement and SPP	Tuesday 10 November 2020
PLACEMENT	
Placement bookbuild	Tuesday 10 November 2020
Announcement of results of Placement and trading halt lifted (expected to be at 1pm NZDT / 11am AEDT)	Wednesday 11 November 2020
ASX settlement	Tuesday 17 November 2020
NZX settlement	Wednesday 18 November 2020
Allotment and commencement of trading of new shares on NZX and ASX	Wednesday 18 November 2020
SHARE PURCHASE PLAN	
Record date	Monday 9 November 2020
Expected despatch of SPP offer document and application forms	Friday 13 November 2020
Share Purchase Plan opens (9am NZDT / 7am AEDT)	Friday 13 November 2020
Share Purchase Plan closes (7pm NZDT / 5pm AEDT)	Wednesday 25 November 2020
Announcement of results of SPP, including offer price of SPP in NZ$ and A$	Monday 30 November 2020
NZX and ASX settlement and allotment	Tuesday 1 December 2020
Commencement of trading of new shares on NZX	Tuesday 1 December 2020
Commencement of trading of new shares on ASX	Wednesday 2 December 2020
Despatch of statements	Wednesday 9 December 2020

1. Dates are subject to change at Synlait's discretion

APPENDICES

Synlait Pokeno

FY21 GUIDANCE STATEMENT UPDATE

Updated FY21 guidance as at 10 November 2020 (updated from guidance issued on 28 September 2020):

- There continues to be significant global uncertainty regarding COVID-19.
- While Synlait has proven its ability to maintain operational continuity over recent months, in terms of demand for the products it manufactures, it now expects:
    - Consumer-packaged infant formula volumes to be lower than FY20, with softer demand in HY21 than previously expected as our key customer resets its own inventory levels.
    - Synlait still expects volumes to increase in the second half of FY21 once stocks have cleared, however we are expecting our HY21 NPAT result to be significantly lower than HY20.
    - Strong underlying EBITDA and operating cash flows to continue in the rest of the business, with growth delivered from a full year of Dairyworks earnings and the integration of Talbot Forest Cheese.
    - No disruption to manufacturing or demand for its ingredient and lactoferrin business.
- This guidance is subject to the unpredictable effects of COVID-19, with consumer behaviour, channel dynamics and supply chain disruptions all subject to change.
- This is offset by the carrying costs of investing in Synlait Pokeno and Synlait Dunsandel's Advanced Dairy Liquid Packaging facility. Earnings from these investments are expected to be delivered in FY22 and beyond.
- Synlait's supply agreement with a new, multinational customer for packaged products is expected to have a positive impact on earnings from FY23.
- Against this, we now expect to be at or slightly below the FY20 NPAT result for FY21 as Synlait continues to focus on optimising its assets and manufacturing efficiencies.
- A further update will be provided at Synlait's half year result in March 2021.

KEY RISKS (1/6)

This section outlines the key risks which Synlait has identified in connection with the Offer. These risks may affect the future operating and financial performance of Synlait and its share price. Like any investment, there are risks associated with an investment in Synlait shares. Please note that this section does not (and does not purport to) set out all of the risks related to an investment in Synlait shares, the future operating or financial performance of Synlait, the Offer or general market or industry risks. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material.

In light of the COVID-19 pandemic, extra caution should be taken when assessing the risks associated with an investment in Synlait. The rapidly changing COVID-19 situation is bringing unprecedented challenges to global financial markets, and to the New Zealand economy as a whole. Capital markets have seen equity securities suffer from spikes in volatility and significant, sudden price declines. It is not currently clear when these negative impacts will begin to abate.

Investors should be aware that the spread of COVID-19, its effect on the global economy and actions taken in response by the New Zealand government, and other governments or regulators around the world, may have a material adverse effect on Synlait, its financial performance and position, liquidity, financial condition and operations. There is no certainty as to the severity or likelihood of any such unforeseen impacts arising nor whether any mitigating action will be effective or can be taken. It is also likely that there will be further unforeseen negative impacts as COVID-19 continues to spread.

You should make your own assessment of the key risks set out in this section, including the inherent uncertainties as to the impact of COVID-19 noted above, and any other risks associated with an investment in Synlait shares and its business, before deciding whether to invest (or invest further) in Synlait. You should also consider whether such an investment is suitable in light of your individual risk profile, investment objectives and personal circumstances (including financial and taxation issues) and you are encouraged to consult with a financial or other professional adviser.

KEY RISKS (2/6)

KEY RISK	DETAILS
COVID-19	• There continues to be significant global uncertainty regarding COVID-19. COVID-19 is having an impact on our customers. It remains uncertain as to how long COVID-19 will affect the demand for products globally. • FY21 guidance is subject to the unpredictable effects of COVID-19, including as a result of consumer behaviour, channel dynamics, market access and supply chain disruptions all being subject to change. • While Synlait has proven its ability to maintain operational and supply chain continuity throughout 2020, the effect of COVID-19 on demand for the products it manufactures remains uncertain. China has also introduced stricter requirements in respect of COVID-19 that could increase barriers to entry on the export of Synlait's products to China. *See also "China Market Access Risk" and "Customer Concentration Risk".*
Customer concentration risk and uncertainty in The a2 Milk Company demand	• Synlait derives a large portion of its earnings from one product category, one market and one customer, that being infant formula supplied to The a2 Milk Company Limited (a2 Milk) which is predominantly consumed in the Chinese market. • a2 Milk is Synlait's most significant customer and contributor to financial performance. Synlait's three largest customers (including a2 Milk) represented approximately 64% of total revenue in FY20. • The supply contract with a2 Milk has a minimum term to 31 July 2025 and provides for exclusive supply of infant nutrition products stages 1 - 3 already supplied by Synlait for a2 Milk's Australian, New Zealand and Chinese market requirements up to a specified quantity in each year (but with no guaranteed minimum volume). The level of demand from a2 Milk can at times be difficult to predict, which can result in disruptions to the business and inventory levels. • a2 Milk is able to source the specified infant nutrition products from other suppliers if its order volumes exceed amounts set out in Synlait's manufacturing and supply agreement with a2 Milk. Until 1 August 2022 the volumes which Synlait has exclusive manufacturing rights over are substantially higher than the current annual volume supplied to a2 Milk. From 1 August 2022, unless renegotiated with a2 Milk, the volumes which Synlait has exclusive manufacturing rights over reduce under the manufacturing and supply agreement. The risk of orders for products being diverted away from Synlait has increased following a2 Milk's announcement on 21 August 2020 that it is engaged in discussions with Mataura Valley Milk to explore options for a2 Milk to participate in manufacturing at MVM's facility in Southland, New Zealand. If a2 Milk successfully implements this manufacturing capability, there is a risk that a2 Milk transitions the supply of its products away from orders from Synlait to the extent that its orders exceed the exclusivity volumes agreed with Synlait.

KEY RISKS (3/6)

KEY RISK	DETAILS
Customer concentration risk and uncertainty in The a2 Milk Company demand (continued)	• If a2 Milk reduces its order quantities, or if the existing supply agreement does not continue beyond its current minimum term, it could have a material adverse effect on Synlait's operations and financial performance. a2 Milk announced on 28 September 2020 that it is starting to observe emerging additional disruption to the corporate daigou / reseller channel, particularly due to the Stage 4 lockdown in Victoria. The announcement provided that this impacted a2 Milk's September sales and it is currently anticipated that this will continue for the remainder of its first half of FY21. Forecast order volumes from a2 Milk for the first half of Synlait's current financial year reflect this decrease in demand of English language labelled infant formula. • Synlait's continued strategic partnership with a2 Milk, and the future success of a2 Milk, is important to Synlait's own success. Investors should carefully review and monitor information publicly released by a2 Milk as part of consideration of an investment in Synlait. *See also "China Market Access Risk" and "Category Concentration Risk".*
China market access risk	• Synlait is reliant on market access for its products sent into China and there is no guarantee that the export of Synlait's products to China will remain possible. Barriers to entry could arise or increase for a number of reasons, including geopolitical tensions, changing food safety regulations, a focus in China on enhancing domestic production or supply chains, changes in export or brand regulations or limitations on foreign entities doing business in China. The effect of COVID-19 is likely to exacerbate the existence of such barriers, including if positive cases were linked to a Synlait site or one of its employees. Disruption of access to this key market could have a significant adverse effect on Synlait's financial position and future performance. • Synlait has the registrations it requires for the products it currently exports to China. These registrations require periodic renewal and there is no guarantee that the renewal will be achieved. The registration process with Chinese authorities can be time consuming and Synlait has no direct ability to control the timing, process and outcome for these registrations or renewals. The regulatory environment for our products in China has been subject to regular change in recent years. An event that resulted in the removal of, or inability to renew, the Dunsandel facility's registration for China label infant formula production (with renewal required in 2022) would result in a material impact to Synlait's financial performance. • If Synlait's products were no longer able to be sent into China, either directly or indirectly (e.g., via Synlait customers or through daigou / reseller channels), this could have a significant adverse effect on Synlait's financial performance. *See also "Customer Concentration Risk" and "Category Concentration Risk".*

KEY RISKS (4/6)

KEY RISK	DETAILS
Category concentration risk	• The infant nutrition category is the greatest contributor to Synlait's overall profitability, representing over 41.7% of Synlait's revenue in FY20. Synlait also produces a range of specialised and infant-grade ingredients which are used in infant formula production, either by Synlait or its customers. A material and continuing drop in demand in infant formula products or ingredients could have a significant adverse effect on Synlait's financial position and future performance. *See also "Customer Concentration Risk" and "China Market Access Risk".*
New customer risk	• Synlait entered into a manufacturing supply agreement with a multinational customer on 5 November 2020 in relation to the manufacture, blending, and packaging of nutrition products which include plant-based products, a new area for Synlait. • Synlait will be required to incur capital expenditure of approximately $70 million in order to perform its obligations under the manufacturing supply agreement. However, there is a risk that Synlait is unable to increase its revenue from this capital investment as quickly as expected.
Implementation of diversification and growth strategy	• Synlait addresses the concentration risks by seeking to diversify product categories, customers and the geographies into which it delivers its products. Synlait's strategy also involves it being committed to a number of ongoing growth and capital expenditure projects which are at various stages of implementation at any one time, including the recent acquisitions of Dairyworks Limited and Talbot Forest Cheese, the expansion of its lactoferrin facility, the construction of the infant-capable manufacturing facility at Pokeno and the liquid dairy packaging facility at Dunsandel. • Whilst these multiple projects will help address the concentration and operational risks faced by the business, there are risks associated with this growth and its implementation, including the potential inability to maintain product quality and controls, execution risk and cost control (including funding costs). • In particular, there is a risk that Synlait is not able to drive profitability from major capital investments (either as quickly as forecast or at all). This could have a significant impact on Synlait's financial position and future performance. As Synlait's business becomes more diverse and complex across multiple sites, there is a risk that Synlait's financial performance will be negatively impacted if it is unable to improve its systems, capacity and resources or attract the specialist talent to its workforce, at a speed and level necessary to meet the changes to its business. • If Synlait grows quicker than the level of demand from its customers, or if Synlait is unable to attract and retain new customers, it will have unused capacity in its plants which will not be delivering the return on investment that Synlait anticipated. Synlait currently has additional unused capacity at its Pokeno plant that it is seeking to fill through new opportunities such as its new multinational customer.

KEY RISKS (5/6)

KEY RISK	DETAILS
Implementation of diversification and growth strategy (continued)	• Synlait is underway with a significant information technology (IT) project to replace its Enterprise Resource Planning (ERP) software. As a significant IT project, there are migration and implementation risks which Synlait is seeking to mitigate and manage. The implementation process is planned to complete in the second half of FY21. A major compromise of operational technology or IT platforms could result in a threat to safety, quality, business continuity and/or significant financial impacts. *See also "New Customer Risk".*
Product safety risk	• Synlait's core business is the manufacture and sale of dairy products. There is a risk that Synlait's products could become, or be perceived to become, unsafe for consumption due to contamination. This could cause consumers of Synlait's products to become unwell, result in a product recall or result in adverse publicity about Synlait's products or its customers' products. • Any food safety incident could have a significant, and long-term, adverse impact on Synlait's reputation as a manufacturer and supplier of dairy products. A small error could prove very costly. The impact would likely be greater in the current environment with concerns regarding COVID-19, particularly with respect to demand from the China market. Such an event could also impact adversely on Synlait's existing licences and registrations. If Synlait or any of its customer's reputations are adversely impacted, or Synlait loses any of its licences or registrations, its financial performance could be adversely impacted. *See also "China Market Access Risk".*
Site and plant concentration and environmental risk	• Synlait's infant formula base powder and ingredient products are currently produced at its Dunsandel and Pokeno facilities. Dunsandel has total capacity for approximately 85,000 tonnes of infant formula base powders, 70,000 tonnes of ingredient products (whole milk powder, skim milk powder and anhydrous milk fat), 34 tonnes of lactoferrin, and 110 million litres of liquid dairy products. Pokeno has capacity for approximately 45,000 tonnes of infant formula base powder, Infant grade whole milk powder and skim milk powder. • Any event that resulted in significant damage or destruction to either facility, which meant that facility was unable to operate, could have an adverse impact on Synlait's operational and financial position. Synlait's key customers may also decide to terminate or reduce their relationships with Synlait in the event of a long-term disruption, which could further affect Synlait's financial performance.

KEY RISKS (6/6)

KEY RISK	DETAILS
Site and plant concentration and environmental risk (continued)	• Such events could include catastrophic equipment or infrastructure failure, COVID infection among plant staff causing customers to refuse to accept product from that plant, failure of information technology or operating technology systems (including by reason of an unauthorised event or malicious cyber attack), unforeseen breakdowns, interruption of electricity or coal supply, industrial action or fire, earthquake or other natural disasters. • Successfully managing environmental risks is key to Synlait's business and social licence to operate. Any adverse environmental impacts or regulatory breach could result in reputational damage, disruption to operations, financial impacts and/or significant loss of stakeholder confidence. Inability to deliver on defined sustainability targets could also result in significant loss of stakeholder confidence and/or have financial impacts for Synlait.
Lactoferrin pricing	• The price per tonne for lactoferrin (a high value, speciality ingredient product produced by Synlait) is subject to volatile price movements. • Any material and sustained decrease in the sale price for lactoferrin could have a significant adverse financial impact on Synlait's financial performance. • Synlait has fixed price contracts for approximately half of its lactoferrin supply. However, Synlait has no ability to influence changes in lactoferrin pricing or supply of lactoferrin to the market and therefore is unable to predict the timing, duration and scale of any future movement in lactoferrin pricing, and its impact on Synlait.

SUMMARY OF UNDERWRITING AGREEMENT

Synlait has requested that the Underwriter underwrite the Offer and the Underwriter has agreed to do so. This means that the Underwriter will subscribe at the relevant offer price for any New Shares that are not subscribed for under the Placement or the SPP (other than those shares that The a2 Milk Company and Bright Dairy have committed to subscribe for) in accordance with the terms of the Underwriting Agreement.

A summary of the principal terms of the Underwriting Agreement are set out as follows:

- The Underwriter has the power to appoint sub-underwriters.
- The Underwriter will be paid an agreed underwriting fee for its services in connection with the Offer.
- The Underwriting Agreement contains termination events, representations, warranties and indemnities that are customary for an offer of this nature.
- The Underwriter may terminate its obligations under the Underwriting Agreement, including by reason of events which have, or are likely to have, a material adverse effect on Synlait, its shares or the Placement or the SPP. These may be as a result of events specific to Synlait or as a result of external events, such as material or fundamental changes in financial, economic and political conditions in certain countries or financial markets. The Underwriter may also terminate the Underwriting Agreement where certain conditions to the Underwriting Agreement or its underwriting obligations have not been satisfied or waived. The termination events include the termination of, or failure to settle, under the commitment letters given by The a2 Milk Company and Bright Dairy. In the case of Bright Dairy, certain Chinese regulatory approvals will be required for it to transfer funds at settlement.
- Synlait provides certain undertakings to the Underwriter, including:
    - For a period until three months after the settlement of the SPP, Synlait may not issue or allot, or agree to issue or allot, any equity securities or other securities, or grant any options in respect of such securities, other than pursuant to certain limited exceptions or with the Underwriter's consent; and
    - For the period until the settlement of the SPP, Synlait may not acquire or dispose, or agree to acquire or dispose of, any substantial assets or business, other than pursuant to certain limited exceptions or with the Underwriter's consent.
- Synlait has agreed to indemnify the Underwriter and its affiliates against certain losses related to the Offer.
- Synlait has given warranties in the Underwriting Agreement, including warranties relating to the content and accuracy of the offer materials, compliance by Synlait with relevant laws, the existence of no material litigation, and the valid issue and allotment of New Shares.

INTERNATIONAL SELLING RESTRICTIONS (1/5)

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country except to the extent permitted below.

Australia

The offer of New Shares under the Placement is only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the *Australian Corporations Act 2001* (Cth) ("**Australian Corporations Act**"). This document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act.

This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of any interest in the Company is appropriate in light of your own financial circumstances or seek professional advice.

If you acquire the New Shares under the Placement in Australia then you:

- Represent and warrant that you are a professional or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act; and
- Agree not to sell or offer for sale any New Shares issued under the Placement in Australia within 12 months from the date of their issue under the Placement, except in circumstances where:
  - Disclosure to investors would not be required under Chapter 6D of the Australian Corporations Act; or
  - Such sale or offer is made pursuant to a disclosure document which complies with Chapter 6D of the Australian Corporations Act.

Germany

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "**Prospectus Regulation**").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the **SFO** and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by,

INTERNATIONAL SELLING RESTRICTIONS (2/5)

the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Placement. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948), as amended (the "**FIEA**") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEA and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

Norway

This document has not been, and will not be, registered with or approved by Finanstilsynet (the Financial Supervisory Authority of Norway) and it does not constitute a prospectus under the Prospectus Regulation (Regulation (EU) 2017/1129) or the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, directly or indirectly, in Norway other than under circumstances that are exempted from the prospectus requirements under the Prospectus Regulation and the Norwegian Securities Trading Act. Any offering of New Shares in Norway is limited to persons who are "qualified investors" as defined in the Prospectus Regulation. Only such persons may receive this document and they may not distribute it or the information contained in it to any other person.

Singapore

This document and any other materials relating to the New Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the New Shares may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with, the conditions of, any other applicable provision of the SFA.

Where the New Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) A corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

INTERNATIONAL SELLING RESTRICTIONS (3/5)

(b) A trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Shares pursuant to an offer made under Section 275 of the SFA except:

(1) To an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) Where no consideration is or will be given for the transfer;

(3) Where the transfer is by operation of law;

(4) As specified in Section 276(7) of the SFA; or

(5) As specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined the classification of the New Shares as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the New Shares described herein. The New Shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland but may be offered to individually approached professional investors as defined in article 4 of the Swiss Financial Services Act ("**FinSA**") and no application has been or will be made to admit the New Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus compliant with the requirements of Article 652a or 1156 of the Swiss Code of Obligations or the listing rules of SIX Exchange Regulation or pursuant to the FinSA for a public offering of the New Shares and neither this document nor any other offering or marketing material relating to the New Shares may be distributed or otherwise made publicly available in, into or from Switzerland.

Neither this document nor any other offering or marketing material relating to the offering of the New Shares has been or will be filed with or approved by any Swiss regulatory authority or any review body.

This document is personal to the recipient only and not for general circulation in Switzerland.

The United Arab Emirates

The United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market)

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INTERNATIONAL SELLING RESTRICTIONS (4/5)

authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that the Company or the Lead Manager is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The New Shares are not intended for circulation or distribution in or into the UAE, other than to persons who are "Qualified Investors" within the meaning of the SCA's Board of Directors Decision No. 37/R.M of 2019 Concerning the Definition of Qualified Investor to whom the materials may lawfully be communicated. This does not constitute a public offer of securities in the UAE in accordance with the SCA Chairman of the Board Resolution No. 11/R.M of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock, or otherwise. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

Dubai International Financial Centre

The New Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

(1) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and

(2) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

The DFSA has not approved this document or taken steps to verify the information set out in it, and has no responsibility for it. The New Shares to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the New Shares offered should conduct their own due diligence on the New Shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Abu Dhabi Global Market

The New Shares have not been offered and will not be offered to any persons in the Abu Dhabi Global Market ("**ADGM**") except on the basis that an offer is:

(1) an "Exempt Offer" in accordance with the Market Rules of the Financial Services Regulatory Authority ("**FSRA**") of the ADGM; and

(2) made only to persons who meet the Professional Client criteria set out in Rule 2.4 of the FSRA Conduct of Business Rulebook.

The FSRA has not approved this document or taken steps to verify the information set out in it, and has no responsibility for it. The New Shares to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the New Shares offered should conduct their own due diligence on the New Shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

INTERNATIONAL SELLING RESTRICTIONS (5/5)

The United Kingdom

Neither this document nor any other document relating to the Placement has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (as defined in Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union ("**Prospectus Regulation**")) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("**FPO**"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "**relevant persons**"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares to be offered and sold in the Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may not be offered or sold, directly or indirectly, to any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

SUMMARY OF BANKING FACILITIES, COVENANTS & BOND ISSUE

As at 31 July 2020 Synlait had four syndicated bank facilities in place with ANZ and BNZ:

1. Working capital facility (multi-currency) – facility limit of $320 million, reviewed annually.
2. Revolving credit facility (Facility A) – facility limit of $150 million maturing 1 August 2021.
3. Revolving credit facility (Facility B) – facility limit of $50 million maturing 1 August 2023.
4. Revolving credit facility (Facility C) – facility limit of $50 million maturing 1 August 2023.

The syndicated bank loan facilities agreement was updated on 25 September 2020, effective by 30 September:

- Working capital facility was renewed to 30 September 2021 – limit reduced from $320 million to $250 million.
- Revolving credit facility (Facility A) maturity extended to 1 October 2021.
- Revolving credit facility D added with a maturity date of 1 May 2021 – limit $100 million to 31 December 2020, $70 million to 1 May 2021.
- Minimum shareholders funds covenant increased to $400 million.

Bond issue

- Listed NZ$180 million of unsecured, subordinated, five year bonds listed on the NZX Debt Market in December 2019.

We have five key covenants in place with our syndicated banks:

1. Interest cover ratio – EBITDA to interest expense of no less than 3.00x based on full year forecast result.
2. Minimum shareholders' funds – no less than $295.5 million[1].
3. Working capital ratio – inventory and debtors to working capital facility outstanding of no less than 1.5:1.
4. Leverage ratio – total debt to EBITDA is no greater than 4.0x.
5. Senior leverage ratio – total debt excluding Subordinate Bond to EBITDA is no greater than 3.0x.

We complied with these bank covenants at all times during FY20.

1. The minimum shareholders' funds covenant increased from $295.5 million to $400.0 million on 25 September 2020.

Synlait Dunsandel