

Synlait and a2 Milk resolve dispute over infant formula

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Synlait Milk Limited (Synlait) and The a2 Milk Company have reached a conditional agreement to settle all disputes, including those related to exclusivity, pricing, and other issues that were subject to arbitration.

Grant Watson, Synlait CEO, stated: "Resolving these disputes is another positive step in our business recovery plan. With these disputes behind us, we are pleased to confirm The a2 Milk Company's support for our upcoming equity raise to our shareholders. This signifies genuine progress for Synlait, as we are implementing the necessary actions to reset our performance and improve the company's positioning for the future."

The companies have been in arbitration due to a year-long dispute arising from A2 Milk's cancellation of a crucial part of their contract. This contract granted Synlait exclusivity in supplying infant milk formula products in China, Australia, and New Zealand.

The settlement is contingent on Synlait completing an equity raise and refinancing its existing banking facilities. Synlait is currently working on finalising the terms of the equity raise and the bank refinancing. Shareholders will have the opportunity to vote on these matters at a Special Shareholders' Meeting.

The a2 Milk Company has agreed to support and subscribe to the equity raise. As previously indicated, Bright Dairy fully supports Synlait's equity capital raising, pending the finalisation of terms and receipt of all necessary approvals.