



Noumi Limited
80 Box Road
Taren Point NSW 2229
Australia
ABN 41 002 814 235

19 July 2022

ASX Market Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Extraordinary General Meeting

In accordance with ASX Listing Rule 3.17.1, Noumi Limited (ASX: NOU) is pleased to enclose the following documents in relation to its upcoming Extraordinary General Meeting:

- Letter to Shareholders;
- Notice of Extraordinary General Meeting (including the virtual meeting online guide); and
- Proxy Form.

Investor inquiries:

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This announcement was authorised for release by the Chair

About Noumi Limited

Noumi (ASX: NOU) is a leading Australian FMCG company with a mission to create quality, on-trend, responsibly produced dairy and plant-based beverages, nutritional products and ingredients used across the health and fitness industries. The Company operates state-of-the-art manufacturing facilities in Victoria and NSW and produces key brands including the MILKLAB range of shelf-stable dairy and plant-based milks, Australia's Own, So Natural, Crankt, Vital Strength and PUREnFERRIN lactoferrin. <https://noumi.com.au/>



Noumi Limited
80 Box Road
Taren Point NSW 2229
Australia
ABN 41 002 814 235

Extraordinary General Meeting – Letter to Shareholders

Dear Shareholder

Noumi Limited (Noumi or the Company) advises that an Extraordinary General Meeting (**EGM**) of Shareholders will be held virtually at **10:00am (Sydney time) on Wednesday, 17 August 2022**.

The EGM is to consider a resolution for the purposes of ASX Listing Rule 10.1 and Chapter 2E of the *Corporations Act 2001* (Cth) (**Corporations Act**) in relation to a potential sale by the Company of its shares in Australian Fresh Milk Holdings Pty Ltd to a related party of the Company.

In accordance with section 110D of the Corporations Act, the Company will only be dispatching physical copies of the Notice of Meeting (**Notice**) to Shareholders who have elected to receive the Notice in physical form. The Notice is being made available to Shareholders electronically and can be viewed and downloaded online from the Company's website at: <https://noumi.com.au/investors/asx-announcements/>. Alternatively, a complete copy of the Notice has been posted on the Company's ASX market announcements page at <https://www2.asx.com.au/> (ASX: NOU).

In the interests of efficiency and public safety, the board of directors of the Company (**Board**) has decided that the Meeting will be held as a virtual meeting. The Board encourages Shareholders to monitor the ASX and Company website for updates (if any) after the date of this letter.

Shareholders are able to attend the meeting via the Company's virtual meeting platform: <https://meetings.linkgroup.com/NOUEGM2022>. Further instructions for attending the Meeting via the online meeting platform are set out in the Virtual Meeting Online Guide and Annexure B of the Notice.

Your vote is important

The business of the EGM affects your shareholding, and your vote is important.

To vote during the virtual meeting, participate in the EGM on the date and at the link set out above.

To vote by proxy, please use one of the following methods:

Online	Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" – Securityholder Reference Number (SRN) or Holder Identification Number (HIN).
Mobile Device	Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code attached to the Proxy Form or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.
Mail	Noumi Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
Fax	+61 2 9287 0309
By hand*	Parramatta Square



Noumi Limited
80 Box Road
Taren Point NSW 2229
Australia
ABN 41 002 814 235

(to Link Market Services, Monday to Friday, 9:00am - 5:00pm)	Level 22, Tower 6 10 Darcy Street Parramatta NSW 2150 Or Level 12 680 George Street Sydney NSW 2000
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Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

The Chair intends to vote all open proxies in favour of the resolution, where permitted.

Yours faithfully,

Genevieve Gregor
Chair



NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT

Date of Meeting:

Wednesday, 17 August 2022

Time of Meeting:

10:00 am (Sydney time)

Place of Meeting:

Virtual Meeting: <https://meetings.linkgroup.com/NOUEGM2022>

A Proxy Form is enclosed

IMPORTANT
<p>This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote and, if necessary, consult your professional adviser.</p> <p>Your Independent Directors unanimously recommend that you vote in favour of the Resolution.</p>

IMPORTANT NOTICES

Nature of this document

Notice is hereby given that an extraordinary general meeting of Shareholders (the **Meeting**) of Nouri Limited ACN 002 814 235 (the **Company**) will be held virtually at 10:00 am (Sydney time) on Wednesday, 17 August 2022 for the purpose of allowing Shareholders to vote on a resolution relating to the proposed sale of some or all of the shares in Australian Fresh Milk Holdings Pty Ltd (**AFMH**) held by the Company through a wholly-owned subsidiary (**AFMH Shares**). In particular, as the AFMH Shareholders Agreement (defined in the Glossary) contains a right of first refusal in favour of the existing AFMH shareholders, before any sale of the AFMH Shares, the Company must first offer the AFMH Shares to the existing AFMH shareholders, including Leppington Pastoral Investments Pty Ltd (**Leppington**), a related party of the Company (other than in limited circumstances). Accordingly, the Company is seeking Shareholder approval to enable a sale of some or all of the AFMH Shares to Leppington (as well as indirectly to any other party). Shareholders are able to attend the meeting via the Company's virtual meeting platform: <https://meetings.linkgroup.com/NOUEGM2022>.

Further details regarding how to attend and vote at the Meeting are set out in the Virtual Online Meeting Guide accompanying this Notice and **Annexure B** to the Explanatory Statement. The Explanatory Statement, Annexure B and the Proxy Form accompanying this Notice are part of this Notice.

Shareholders are encouraged to read this Notice of Meeting, Explanatory Statement and the accompanying material in its entirety before making a decision on how to vote on the proposed Resolution.

Further details on how to participate in the Meeting are set out in this Notice and in the Link Virtual Meeting Online Guide.

The Virtual Meeting Online Guide provides details about how to ensure your browser is compatible with the online platform, as well as a step-by-step guide to successfully logging in and navigating the site. The Virtual Meeting Online Guide will be released to the ASX and is also available on our website at www.noumi.com.au

It is recommended that Shareholders log in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting on a supported web browser on their computer or online device.

To log in to the Meeting and vote, Shareholders will need their securityholder number and postcode.

Proxyholders will need a proxy code to log in. This will be provided by the Share Registry via email within 24 hours prior to the Meeting.

Written questions can be submitted by Shareholders and proxyholders via the Online platform by following the instructions on the Virtual Meeting Online Guide.

Shareholders and proxyholders can also join and listen to the meeting by telephone and, subject to obtaining a PIN from Link in advance of the meeting, will also be able to ask questions.

Shareholders and proxyholders wishing to ask a question by telephone can obtain the required PIN by contacting Link on +61 1800 990 363.

To join the meeting via phone call +61 1800 875 033 (via landline) or +61 2 9189 8867 (via mobile) prior to the Meeting.

Disclaimer

The information in this Explanatory Statement should be read in conjunction with the Company's other periodic and continuous disclosure announcements and other announcements which can be obtained from ASX's website (www.asx.com.au) or from the Company's website (www.noumi.com.au).

In preparing this Notice of Meeting and Explanatory Statement, the Company has not taken into account the investment objectives, financial situation or particular needs of any particular person. Accordingly, before acting on this Notice of Meeting and Explanatory Statement, you may need to obtain independent legal, financial, taxation and/or other professional advice that takes your own financial circumstances into account.

ASX and ASIC

A copy of this Notice of Meeting and Explanatory Statement (including the Independent Expert's Report) has been lodged with ASIC in accordance with section 218 of the Corporations Act and provided to ASX in accordance with Listing Rule 15.1.

Neither ASX nor ASIC, nor any of their officers, take any responsibility for the contents of this Notice of Meeting and Explanatory Statement.

Defined terms

A number of terms used in this Notice of Meeting Explanatory Statement are defined in the glossary in Section 4 of the Explanatory Statement.

Responsibility for information

This Notice of Meeting and Explanatory Statement has been prepared by the Company.

No person has been authorised to give any information or make representations in connection with the Transaction other than the information and representations contained in this Notice of Meeting and Explanatory Statement. Except as expressly stated in this Notice of Meeting and Explanatory Statement, no persons have been authorised to make any representation or warranty, express or implied as to the accuracy or completeness of the Notice of Meeting and Explanatory Statement.

Except as required by law and then only to the extent so required, the Company and its associates do not warrant or guarantee the future performance of the Company.

Forward-looking statements

Any forward-looking statements contained in the Explanatory Statement have been based on expectations at the date of preparation of the Explanatory Statement about future events. The forward-looking statements included in this document may generally be identified by use of forward-looking words such as *believe, aim, expect, anticipate, intending, foreseeing, likely, should, planned, may, estimate, potential* or other similar words. Similarly, statements that describe the Company's objectives, plans, goals or expectations are, or may be, forward looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual results to differ materially from the expectations. Nothing contained in the Explanatory Statement is, or may be relied on as, a promise or representation as to the accuracy or likelihood of fulfilment of any forward-looking statements, except to the extent required by law. You are therefore cautioned not to place undue reliance on any such forward looking statements.

Subject to any obligations under the Corporations Act or the ASX Listing Rules, the Company does not give any undertaking to update or revise any forward-looking statements after the date of this Notice of Meeting and Explanatory Statement to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Currency

Unless otherwise stated, a monetary reference in the Explanatory Statement is a reference to the Australian dollar.

Privacy and personal information

The Company may need to collect personal information to conduct the Meeting and the Transaction. This

information may include the name, contact details and security holding of Shareholders, and the name of persons appointed by Shareholders to act as proxy, attorney, or in the case of a corporate Shareholder or proxy, as corporate representative at the Meeting. The primary purpose of collecting this personal information is to assist the Company in the conduct of the Meeting and the Transaction and to enable the Transaction to be implemented in the manner described in this Explanatory Statement. Without this information, the Company may be hindered in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to the Share Registry, print and mail service providers, authorised securities brokers and to related entities of the Company.

Shareholders have certain rights to access their personal information that has been collected. Shareholders should contact the Company Secretary in the first instance if they wish to request access to their personal information.

Shareholders who appoint a named person to act as their proxy, attorney, or in the case of a corporate Shareholder or proxy, as their corporate representative at the Meeting, should ensure that they inform that person of the matters outlined above.

Rounding

A number of figures, amounts, percentages, estimates, calculations of values and fractions in the Explanatory Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in the Explanatory Statement.

Timetable and dates

All times and dates relating to the Transaction referred to in the Explanatory Statement may change and, among other things, are subject to all necessary approvals being received.

Further information

Instructions for attending and voting at the Meeting are set out in the Virtual Meeting Online Guide and **Annexure B** of the Explanatory Statement.

If after reading the Virtual Meeting Online Guide, the Explanatory Statement and Notice of Meeting you have any questions about the Transaction, the Resolution or how to vote at the Meeting, please call 1300 554 474 from within Australia, or +61 1300 554 474 outside of Australia.

Date

This Notice of Meeting and Explanatory Statement are dated 19 July 2022.

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Proxy Form	Refer to separate attachment

CHAIR OF INDEPENDENT BOARD COMMITTEE'S LETTER

19 July 2022

Dear Shareholder,

On behalf of the Board of Noumi Limited (the **Company** or **Noumi**), I invite you to attend the Extraordinary General Meeting of the Company (**Meeting**) to consider and vote on a resolution relating to a potential sale of the Company's shares in Australian Fresh Milk Holdings Pty Ltd (**AFMH**). The Meeting will be held virtually via the Company's online meeting platform at <https://meetings.linkgroup.com/NOUEGM2022> at 10:00 am (Sydney time) on Wednesday, 17 August 2022.

Background

On 17 November 2021, the Company announced that it had entered into a settlement agreement regarding the legal dispute with Blue Diamond Growers (**Settlement Agreement**). Under the Settlement Agreement, a subsidiary of the Company agreed to make future payments under the Settlement Agreement totalling US\$18 million to be paid in quarterly instalments of US\$1.125 million over four years commencing 1 September 2022.

The Company also announced on 17 November 2021 that it had resolved to conduct a process to divest the shares in AFMH held by the Company through a wholly-owned subsidiary (**AFMH Shares**). The proceeds of the sale will be used to fund the payment obligations under the Settlement Agreement. It was a condition of the Settlement Agreement that the Company's obligation to make those future payments be supported by the provision of a bank guarantee in order to provide Blue Diamond Growers with certainty that it would receive those payments.

In order to procure that bank guarantee, the Company entered into a US\$18 million Bank Guarantee Facility with HSBC and granted HSBC security over the AFMH Shares and the proceeds of any sale of those AFMH Shares. This security was supported by an offer from Leppington Pastoral Investments Pty Ltd (**Leppington**), an entity related to the Company's majority shareholder, Arrovest Pty Ltd and the Perich Group – to acquire the AFMH Shares for not less than A\$25 million. To support the HSBC guarantee, Leppington and Arrovest Pty Ltd provided a limited guarantee of the bank guarantee facility for an amount of A\$25 million.

Independent Board Committee

Given the requirement to offer the AFMH Shares to Leppington and the other AFMH shareholders pursuant to the shareholders agreement to which the shareholders of AFMH and AFMH itself are a party (**AFMH Shareholders Agreement**), the Board of the Company has established an independent board committee comprising the Independent Directors to oversee the sale of the AFMH Shares. In accordance with the Company's Related Party Transactions Policy, no member associated with the Perich Group (including Mr Michael Perich – Chief Executive Officer of the Company and Mr Tony Perich and Mr Timothy Bryan both of whom are directors of the Company) has participated in any of the Company's discussions or Independent Board Committee discussions regarding the sale of the AFMH Shares.

AFMH Shareholders Agreement

The AFMH Shareholders Agreement contains a right of first offer clause. Under that clause, any shareholder who wishes to sell their AFMH shares must first offer them to all of the other AFMH shareholders at a fixed price set by the selling shareholder (**Priority Offer**). Only if those other shareholders do not accept the Priority Offer or waive their right of first offer, is the selling shareholder free to sell to a party of its choosing (on terms no more favourable to the buyer than those set out in the Priority Offer).

The Priority Offer cannot be conditional on the approval of Noumi's shareholders. Equally under ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act, Noumi cannot sell or offer to sell some or all of the AFMH Shares to a related party such as Leppington (one of the other AFMH shareholders), including by way of a Priority Offer, without first having obtained the approval of the Noumi's shareholders.

Accordingly, Noumi is seeking Shareholder approval for a potential sale of some or all of the AFMH Shares to Leppington at a price of not less than \$1.40 per AFMH Share (equating to approximately \$28.6 million for all of the AFMH Shares). This will provide Noumi with the flexibility to make an offer to sell the AFMH Shares in accordance with the AFMH Shareholders Agreement, including via a Priority Offer, or to otherwise reach an agreement with all other AFMH shareholders in respect of the sale of the AFMH Shares, but it does not necessarily mean that Noumi will sell the AFMH Shares to Leppington in part or at all.

If the Resolution is not approved by Shareholders, Noumi will not be able to make a Priority Offer or otherwise proceed with a sale of the AFMH Shares to Leppington. In that case, the Company may not be able to sell the AFMH Shares at all and will need to explore other ways to satisfy its obligations under the US\$18 million Bank Guarantee Facility. In that case, the Company may not be able to sell the AFMH Shares at all. This will require the Company to explore other ways to satisfy its obligations under the US\$18 million Bank Guarantee Facility including funding the payment obligations out of operating cash flow. This would reduce the amount of the Company's available liquidity and may constrain the Company's ability to fund the transformation and growth initiatives previously outlined to Shareholders. Separately, the existing terms of issue of the Convertible Notes impose obligations on Noumi to procure that its wholly-owned subsidiary that owns the AFMH Shares does all things necessary or desirable to sell its AFMH Shares. If the Resolution is not approved by Shareholders, Noumi will need to negotiate further with its lenders and noteholders in respect of alternative funding arrangements.

Sales Price

While the Company is currently seeking approval to sell some or all of the AFMH Shares to Leppington at a price of not less than \$1.40 per AFMH Share, the Independent Board Committee may elect to sell the AFMH Shares for a higher price if they consider that a higher price is obtainable.

The price of \$1.40 per AFMH Share has been selected as the minimum sale price because:

- **(Independent valuation for AFMH capital raise):** In April 2022, AFMH undertook a capital raising to fund the acquisition of a new property, called Ladysmith feedlot in Wagga Wagga, New South Wales. The capital raising was done at a price of \$1.37 per AFMH Share and was supported by an independent valuation obtained by AFMH. Two of the four AFMH shareholders, including Noumi, did not participate in that capital raising and their shareholding was diluted by that raising. In Noumi's case its shareholding was diluted from 10.0% to 9.4%.
- **(Alternative sales process amongst AFMH shareholders):** To assist with its assessment of the value of the AFMH Shares Noumi conducted an alternative sales process amongst the other AFMH shareholders. This alternative sales process led to the non-binding, indicative and conditional offers to acquire AFMH Shares as described below, and also saw the Moxey Family decline to bid for the AFMH Shares.
- **(NewAustralia bids):**
 - On 8 June 2022, NewAustralia (an AFMH shareholder and a subsidiary of the New Hope Group) made a non-binding, indicative and conditional offer to acquire all, or a proportion equivalent to its proportional holding in AFMH (excluding Noumi's holding) (**Proportional Allocation**), the AFMH Shares under the AFMH Shareholders Agreement at a price of \$1.40 per AFMH Share.
 - In a subsequent letter on 15 June 2022, NewAustralia stated that while its then current offer was \$1.40 per AFMH Share to acquire all or its Proportional Allocation of Noumi's AFMH Shares, it is in the position to offer to acquire all of the AFMH Shares at a price of \$1.45 per AFMH Share.
 - On 18 June 2022, NewAustralia made an offer to acquire all or its Proportional Allocation of Noumi's AFMH Shares at a price of \$1.45 per AFMH Share, subject to acquiring not less than its Proportional Allocation. Should Noumi confirm to NewAustralia that it will sell to NewAustralia not less than its Proportional Allocation, NewAustralia indicated it is willing to expedite the acquisition including by utilising a sales process outside the AFMH Shareholders Agreement (which requires agreement of all AFMH shareholders). New Australia also indicated a willingness to efficiently and promptly complete any acquisition of the AFMH Shares.
- **(Further Leppington bid):** On 10 June 2022, Leppington made a non-binding, indicative and conditional offer to acquire all the AFMH Shares under the AFMH Shareholders Agreement at a price of \$1.40 per AFMH Share.

Use of proceeds

As previously announced, if the AFMH Shares are sold, the Company will apply the net sales proceeds towards the cash collateralisation of the US\$18 million Bank Guarantee Facility. Any balance will be applied towards general corporate purposes, including fees and expenses related with the Transaction.

Independent Expert's Report

The Company engaged Grant Thornton to act as an independent expert (**Independent Expert**) and to provide a report on the proposed sale of the AFMH Shares to Leppington on the terms set out in the Explanatory Statement (**Transaction**).

The Independent Expert has concluded that the Transaction is fair and reasonable to the Non-Associated Shareholders of the Company in the absence of a superior alternative proposal emerging. A copy of the Independent Expert's Report is set out at Annexure A of the Notice of Meeting.

The Resolution

At the Meeting, Shareholders will be asked to approve the sale of the AFMH Shares to Leppington for the purposes of ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act. This means that the Company will be able to sell the shares to Leppington or any other party in accordance with the AFMH Shareholders Agreement.

Further details regarding the Resolution, are set out in Sections 1 to 3 of this Explanatory Statement. Details of the Resolution can also be found in the Notice of Meeting.

Directors' Recommendations

Each of the Independent Directors recommends that Shareholders **vote in favour** of the Resolution. Mr Tony Perich and Mr Timothy Bryan are associated with Leppington and have abstained from providing a recommendation.

Each of the Independent Directors intends to vote in respect of any Shares they hold, or in which they have a Relevant Interest, in favour of the Resolution.

How to vote

Your vote is important, and I encourage you to vote by completing the Proxy Form accompanying this Notice of Meeting and Explanatory Statement or alternatively by attending the Meeting at 10:00 am (Sydney time) on Wednesday, 17 August 2022 via the Company's online meeting platform at <https://meetings.linkgroup.com/NOUEGM2022>.

Further information

This Explanatory Statement includes the Notice of Meeting. A Proxy Form accompanies this Explanatory Statement. I encourage you to read this Explanatory Statement carefully and in full, as it contains information to assist you in making an informed decision.

This Explanatory Statement is also available on the ASX website (www.asx.com.au) and on the Company's website (www.noumi.com.au).

Instructions for attending and voting at the Meeting are set out in the Virtual Online Meeting Guide and **Annexure B** of this Explanatory Statement. If you require any further information, please call the Meeting Information Line on 1300 554 474 (toll free within Australia) or +61 1300 554 474 (toll and outside Australia) on Business Days between 9:00am and 5:00pm (Sydney time).

On behalf of the Independent Directors and the Company's management team (other than the Company's Chief Executive Officer, Michael Perich, who is associated with Leppington and has accordingly been excluded from all discussions regarding the Transaction in accordance with the Company's Related Party Transactions Policy), I look forward to your participation in the Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to be 'GG', with a horizontal line underneath.

Genevieve Gregor
Chair of Independent Board Committee & Independent Non-Executive Director

INDICATIVE TIMETABLE FOR TRANSACTION

Key dates	Date
EGM and Shareholder approval	17 August 2022
Offer of AFMH Shares for sale to Leppington and/or the other AFMH shareholders in accordance with the AFMH Shareholders Agreement	18 August 2022
Last day for other AFMH shareholders to accept the offer of AFMH Shares for sale in accordance with the AFMH Shareholders Agreement (unless the AFMH shareholders agree to an earlier date)	17 September 2022
Last day for completion of the transaction if Leppington and/or the other AFMH shareholders accept offer of AFMH Shares for sale in accordance with the AFMH Shareholders Agreement (unless the AFMH shareholders agree to an earlier date)	30 September 2022
Last day to sell any AFMH Shares not accepted by the other AFMH shareholders to a third party	17 March 2023

Dates may change

While it is the current intention of the Independent Directors to sell some or all of the AFMH Shares on the terms set out in this Notice of Meeting (i.e., for a price of \$1.40 per AFMH Share or higher), the Independent Directors have not made any final decision to make an offer, or to propose the transfer of AFMH Shares, to Leppington or any other party in accordance with the AFMH Shareholders Agreement. The above timetable assumes that the Independent Directors elect to do so on 18 August 2022 by way of a Priority Offer under the AFMH Shareholders Agreement. The Independent Directors currently intend to request that the other AFMH shareholders consent to an allocation and settlement process which proceeds on a more expedited timetable than that provided under the AFMH Shareholders Agreement. The above timetable assumes that such an agreement is not reached.

This timetable is indicative only and is subject to change. Any changes to the above timetable will be announced through ASX. Unless otherwise specified, all dates refer to Sydney time. The Transaction timetable is dependent upon, among other things, the Resolution being approved and an AFMH shareholder or third party accepting Noumi's offer to sell the AFMH Shares at a price per share acceptable to the Independent Directors. Any changes to the above timetable will be announced through ASX. Unless otherwise specified, all dates refer to Sydney time.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Noumi Limited ACN 002 814 235 will be held virtually at 10:00 am (Sydney time) on Wednesday, 17 August 2022 at <https://meetings.linkgroup.com/NOUEGM2022> (**Meeting**).

In the interests of efficiency and public safety, the board of directors of the Company (**Board**) has decided that the Meeting will be held as a virtual meeting.

The Board encourages Shareholders to monitor the ASX and Company website for updates (if any) after the issue of this Notice of Meeting.

Instructions for attending the Meeting via the online meeting platform are set out in the Virtual Meeting Online Guide and **Annexure B**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

The purpose of the Meeting is to consider and, if thought fit, to pass the Resolution set out below in relation to the proposed sale of shares in AFMH.

Information on the Resolution is set out below and in the Explanatory Statement (of which this Notice of Meeting forms a part).

1 Resolution – Approval for the sale of shares in Australian Fresh Milk Holdings

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 10.1, Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the disposal of some or all of the shares in Australian Fresh Milk Holdings Pty Ltd held by the Company through a wholly-owned subsidiary to Leppington Pastoral Investments Pty Ltd, on the terms described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement for Resolution:

In accordance with the Corporations Act and ASX Listing Rule 14.11, the Company will disregard any votes cast on the Resolution by or on behalf of:

- Leppington Pastoral Investments Pty Ltd and any person who will obtain a material benefit as a result of the Transaction (except a benefit solely by reason of being the holder of ordinary securities in the Company); or
- an associate of those persons, including the Company's majority shareholder, Arrovest Pty Ltd and the members of the Perich Group (which are listed on page 25 and include Mr Tony Perich, Director of the Company) as well as Mr Timothy Bryan, Director of the Company and the CEO of the Perich Group,

(Excluded Persons).

However, this does not apply to a vote cast in favour of the resolution if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Transaction.

The Independent Expert's Report considers the Transaction to be fair and reasonable to the Non-Associated Shareholders of the Company in the absence of a superior alternative proposal emerging. A copy of the Independent Expert's Report is set out at Annexure A of this Notice of Meeting, and is also available at the Company's website at <https://noumi.com.au/investors/asx-announcements/>. A hard copy of the Independent Expert's Report can be requested by Shareholders from the Company via Link by email registrars@linkmarketservices.com.au or by calling Link at 1300 554 474 from within Australia or +61 1300 554 474 from outside of Australia at no cost to Shareholders.

Dated 19 July 2022



BY ORDER OF THE BOARD

Noumi Limited

Justin Coss

Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist Shareholders to consider the Resolution set out in the Notice of Meeting.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

This Explanatory Statement forms part of, and should be read in conjunction with, the Notice of Meeting. The Board recommends that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolution.

Please note: The Independent Expert considers the Transaction to be fair and reasonable to the Non-Associated Shareholders of the Company in the absence of a superior alternative proposal emerging as set out in its Report. Please refer to the Independent Expert's Report set out at Annexure A of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary contained in this Explanatory Statement.

Instructions for attending and voting at the Meeting are set out in **Annexure B** of this Explanatory Statement.

1 DETAILS OF THE PROPOSED SALE

1.1 Background

The Company, via a wholly-owned subsidiary, owns 20,448,850 fully paid ordinary shares in Australian Fresh Milk Holdings Pty Ltd ACN 606 506 290 (**AFMH**) representing approximately 9.4% of all shares in AFMH.

The AFMH Shares and the proceeds of the sale of the AFMH Shares were pledged to secure the US\$18 million Bank Guarantee Facility which the Company entered into in connection with the Settlement Agreement. If the Transaction proceeds, the Company will apply the net sales proceeds towards the cash collateralisation of the US\$18 million Bank Guarantee Facility and apply any balance towards general corporate purposes.

On 17 November 2021, the Company announced that it had resolved to conduct a process to divest all of its shares in AFMH and had received an offer from Leppington Pastoral Investments Pty Ltd (**Leppington**) – an entity related to the Company's majority shareholder, Arrovest Pty Ltd and the Perich Group – to acquire those shares for not less than A\$25 million.

As announced by the Company on 22 February 2022, Leppington's offer remains binding until 1 August 2022 or such later date as agreed between Leppington and the Company. Given the intended date of the Meeting, the Company is engaging with Leppington with a view to agreeing a later date.

Noumi (through its wholly-owned subsidiary) is party to the AFMH Shareholders Agreement with AFMH and each of the other shareholders of AFMH. The AFMH Shareholders Agreement contains a right of first refusal on the sale of AFMH Shares, that requires Noumi, if it wishes to sell the AFMH Shares, to first offer to sell them to the other AFMH shareholders (other than in limited circumstances, which includes to a related party of Noumi in accordance with the AFMH Shareholders Agreement), including Leppington. Noumi can only sell the AFMH Shares to a third party if all AFMH shareholders do not accept such an offer.

1.2 Overview of the proposed Transaction

The key terms of the proposed Transaction are as follows:

Sale Shares	Up to 20,448,850 fully paid ordinary shares in AFMH held by the Company through its wholly-owned subsidiary Noumi Operations Pty Ltd (being approximately a 9.4% ownership interest) (Sale Shares).
Purchase Price	<p>A purchase price of at least \$1.40 per Sale Share which equates to at least \$28,628,390 in aggregate for all of the AFMH Shares.</p> <p>The Company may elect to offer the Sale Shares for a price higher than \$1.40 per Sale Share based on conditions at the time it makes a final determination to make that offer. However, there is no guarantee that the Company will elect to offer the Sale Shares or that they will be offered for a price higher than \$1.40 per Sale Share.</p>
Related Party Purchaser¹	<p>Leppington Pastoral Investments Pty Ltd ACN 606 130 358 (Leppington). Leppington is controlled by the Perich Group. Based on the Perich Group's most recent substantial holder notice dated 4 June 2019, the Perich Group holds a relevant interest in 52.53% of the total votes attaching to the voting securities in the Company.</p> <p>If Noumi offers the Sale Shares to Leppington and/or the other AFMH shareholders pursuant to provisions in the AFMH Shareholders Agreement, Leppington may acquire all, some or none of the Sale Shares. The number of Sale Shares to be acquired by Leppington will depend on whether it accepts Noumi's offer, or, if made to all other AFMH shareholders, whether other AFMH shareholders also accept. Should Noumi make an offer to all other AFMH shareholders, if more than one AFMH shareholder accepts Noumi's offer, the Sale Shares will be allocated between them pro-rata based on their holdings in AFMH. There is no guarantee that Leppington, or the other AFMH shareholders, will accept such an offer in full or at all.</p>
Conditions Precedent	Noumi will not offer the Sale Shares to Leppington unless the Resolution is approved by the requisite majority of Noumi shareholders. If Noumi does offer the Sale Shares to all other AFMH shareholders in accordance with the AFMH Shareholders Agreement, that offer will be unconditional.
Warranties and indemnities	The only representations and warranties that Noumi will provide will be limited to Noumi's capacity to sell the Sale Shares and the Sale Shares being freely transferrable and free from encumbrances (ie, title and capacity warranties).
Timing	Any sale of the Sale Shares to Leppington will complete on or before 30 September 2022.

1.3 Overview of AFMH

AFMH is one of Australia's largest dairy producers. AFMH is owned by the Perich family (via Leppington) (37.90%), the Moxey Family (13.62%) and NewAustralia a subsidiary of the New Hope Group (39.08%) together with Noumi (9.40%). AFMH was established in

¹ As noted throughout this document, in order for Noumi to be in a position to sell its AFMH Shares to a third party, the right of first refusal in the AFMH Shareholders Agreement requires Noumi to first offer the AFMH Shares to Leppington (a related party of Noumi) as well as all other AFMH shareholders (ie, a **Priority Offer**). There is no guarantee that Leppington will accept such a Priority Offer or that any of the AFMH Shares will be sold to Leppington.

2015 to participate in a growing milk market and diversification across multiple dairy regions in Australia.

Noumi holds its 20,448,850 fully paid ordinary shares in AFMH via a wholly owned subsidiary. As a minority shareholder in AFMH, Noumi has no right to appoint a director to the AFMH board and only limited rights in relation to the governance and strategic direction of AFMH.

AFMH is one of the largest Australian dairy farm companies and it owns and operates a fully integrated dairy farming agribusiness across multiple sites in New South Wales and Victoria. AFMH focuses on the sustainable production of fresh milk and its current portfolio of farms owned and operated by AFMH produces approximately 180 million litres each year. AFMH holds significant, multi-year contracts with key milk processors such as Noumi, Bega Dairy and Drinks, a2 Milk Company and Leppington.

Dairy and farming operations are located at Moxey Farms near Gooloogong New South Wales, as well as Coomboona Farms at Coomboona, Victoria. In addition, a farming and heifer raising facility is located at Torrumbarry, Victoria. AFMH has also recently purchased the Ladysmith feedlot in Wagga Wagga, New South Wales.

Moxey Farms land portfolio includes approximately 3,700 milking cows that produce approximately 50 million litres of milk per year. Coomboona Farms hosts approximately 2,500 milking cows with an annual milk production in excess of approximately 30 million litres. The Torrumbarry aggregation comprises four linked properties held by different owners across more than approximately 4,000 hectares on the Murray River, and includes significant water entitlements. Ladysmith feedlot is a 6,500 head feedlot, with land of approximately 735 hectares suited to cropping, fodder production and backgrounding and includes 97 pens and 4,500 metres of concrete feed bunk space.

The Company has a milk supply contract with AFMH to buy approximately 20 million litres of milk per annum (**AFMH Milk Supply Contract**). The AFMH Milk Supply Contract has a multi-year term. The Independent Directors do not consider that the remaining term of this arrangement will be affected by any sale by the Company of the AFMH Shares.

1.4 Rationale for the Transaction

On 17 November 2021, the Company announced that it had entered into a settlement agreement regarding the legal dispute with Blue Diamond Growers (**Settlement Agreement**).

Under the Settlement Agreement, a subsidiary of the Company agreed to make future payments totalling US\$18 million to be paid in quarterly instalments of US\$1.125 million over four years commencing 1 September 2022. This was in addition to the US\$17 million paid to Blue Diamond Growers on 17 March 2022.

It was decided by the Company that the future payments under the Settlement Agreement would be satisfied by the Company selling the AFMH Shares and that this was preferable to either issuing ordinary equity, or further long term debt.

It was a condition of the Settlement Agreement that the Company's obligation to make the US\$18 million of future payments be supported by the provision of a bank guarantee in order to provide Blue Diamond Growers with certainty that it would receive those payments. The bank guarantee was required to be in an amount equal to the future settlement payments under the Settlement Agreement.

In order to procure the issue of a bank guarantee by HSBC, the Company entered into a US\$18 million Bank Guarantee Facility with HSBC and granted HSBC security over the Company's shares in AFMH and the proceeds of any sale of those AFMH Shares. To

support the issuance of the bank guarantee by HSBC, the Company obtained a binding underwriting offer from Leppington Pastoral Investments Pty Ltd, an entity related to the Company's majority shareholder, Arrovest Pty Ltd and the Perich Group, to acquire Noumi's AFMH shares for not less than A\$25 million subject to the approval of Noumi's Non-Associated Shareholders and the provisions of the AFMH Shareholders Agreement. As announced by the Company on 22 February 2022, Leppington's offer remains binding until 1 August 2022 or such later date as agreed between Leppington and the Company. Given the intended date of the Meeting, the Company is engaging with Leppington with a view to agreeing an extension of this offer. Leppington's offer was and remains subject to Noumi shareholder approval and the sale provisions of the AFMH Shareholders Agreement. To also support the HSBC guarantee, Leppington and Arrovest Pty Ltd provided a limited guarantee of the Bank Guarantee Facility for an amount of A\$25 million.

On 17 November 2021, the Company also announced that it had resolved to conduct a process to divest all of its shares in AFMH.

The proceeds of the sale of the AFMH Shares, if a sale proceeds, will be transferred into an account with HSBC, the lender under the Bank Guarantee Facility, to be held by HSBC on behalf of the Company as cash collateral against the Bank Guarantee Facility. As and when the settlement payments under the Settlement Agreement are made (which the Company intends to pay out of the Company's operating revenue) to Blue Diamond Growers, the size of the Bank Guarantee Facility will progressively step down, and the cash collateral held in the account with HSBC will be released to the Company in accordance with the terms of the Bank Guarantee Facility.

The only way the Company could withdraw the bank guarantee, and accordingly allow the Bank Guarantee Facility to be terminated, would be if the Company made the settlement payments to Blue Diamond Growers ahead of schedule. However, there is no agreement for the Company to do so nor is it currently proposed to seek such an agreement.

By approving the Resolution, Shareholders will provide Noumi with the ability to offer to sell the AFMH Shares at \$1.40 per share or higher. Without shareholder approval, Noumi cannot sell its shares in AFMH.

The decision as to what price to offer the shares for sale will be made by the Company's Independent Directors having regard to conditions at the time and the best interests of the Company. The Independent Directors currently intend to offer the shares for sale to the other AFMH shareholders for a price of not less than \$1.40 per share in accordance with the AFMH Shareholders Agreement or with the agreement of all of the AFMH shareholders promptly following the Meeting if the Resolution is approved. There is no guarantee that a sale will proceed but if the Shareholder approval sought at the Meeting is not obtained, Noumi will not be able to sell the AFMH Shares unless Leppington waives its right of first refusal under the AFMH Shareholders Agreement.

If the Resolution is not approved, Noumi will not be able to sell the AFMH Shares and will then be required to explore other ways to satisfy its obligations under the US\$18 million Bank Guarantee Facility. In that case, the Company may not be able to sell the AFMH Shares at all. This will require the Company to explore other ways to satisfy its obligations under the US\$18 million Bank Guarantee Facility including funding the payment obligations out of operating cash flow. This would reduce the amount of the Company's available liquidity and may constrain the Company's ability to fund the transformation and growth initiatives previously outlined to Shareholders. Separately, the existing terms of issue of the Convertible Notes impose obligations on Noumi to procure that its wholly-owned subsidiary that owns the AFMH Shares does all things necessary or desirable to sell its AFMH Shares. If the Resolution is not approved by Shareholders, Noumi will need to negotiate further with its lenders and noteholders in respect of alternative funding arrangements.

1.5 Key benefits of the Transaction

(a) Essential to collateralise the Bank Guarantee Facility

If a sale of the AFMH Shares proceeds, the Company will be able to apply the net sales proceeds towards the cash collateralisation of the US\$18 million Bank Guarantee Facility and apply any balance towards general corporate purposes. The application of the net sale proceeds towards the Bank Guarantee Facility will allow the Company to fund the payments under the Settlement Agreement.

If the Company does not sell the AFMH Shares, the Company will then be required to explore other ways to satisfy its obligations under the US\$18 million Bank Guarantee Facility. In that case, the Company may not be able to sell the AFMH Shares at all. This will require the Company to explore other ways to satisfy its obligations under the US\$18 million Bank Guarantee Facility including funding the payment obligations out of operating cash flow. This would reduce the amount of the Company's available liquidity and may constrain the Company's ability to fund the transformation and growth initiatives previously outlined to Shareholders. Separately, the existing terms of issue of the Convertible Notes impose obligations on Noumi to procure that its wholly-owned subsidiary that owns the AFMH Shares does all things necessary or desirable to sell its AFMH Shares. If the Resolution is not approved by Shareholders, Noumi will need to negotiate further with its lenders and noteholders in respect of alternative funding arrangements.

(b) De-risking the Company's business

A sale of the AFMH Shares allows the Company to de-risk its business by transferring the economic risk associated with AFMH to the buyer. The existence of first refusal on the sale of the AFMH Shares, impacts the value and marketability of the AFMH Shares. The sale of the shares now would reduce this risk.

(c) The Independent Expert has concluded that the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging

The Independent Expert has assessed the advantages, disadvantages and other pertinent considerations of the Transaction. Following a consideration of these factors (as described in the Independent Expert's Report in Annexure A to this Explanatory Statement), the Independent Expert has determined that the advantages of the Transaction outweigh the potential disadvantages. Consequently, the Independent Expert considers that the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging. The Independent Directors consider that the possibility of such a proposal is unlikely given the pre-emptive sale provisions contained in the AFMH Shareholders Agreement. The approval sought by the resolution does not preclude Noumi selling the AFMH Shares for a higher price.

(d) No superior proposal has emerged

Since the Company's announcement on 17 November 2021 that it intends to divest its interest in AFMH, and as at the date of this Explanatory Statement, the Board has not received or become aware of any offer from a non-AFMH shareholder to acquire the AFMH Shares. Even if another party wishes to acquire the AFMH Shares via a superior proposal, Noumi would first need to offer to sell its shares to the other AFMH shareholders at the same price offered under the superior proposal. Only if the other AFMH Shareholders did not accept that priority offer could Noumi proceed to transact with the third party. This significantly reduces the attractiveness of the AFMH Shares to any interested third party.

(e) Clean exit

Commonly with a sale of shares to a third party, the seller will be expected to provide representations and warranties as to the nature of the business that is being sold. This means that if there are liabilities in the business that were not

known to the buyer, the buyer may be able to recover some of the purchase price from the seller after the deal has closed.

Under the Transaction, the Company will not provide any substantive representations or warranties to the buyer. This substantially reduces the risks involved in the sale for the Company.

1.6 Key risks

The Company considers that the key risks of the Transaction are as follows:

(a) Transaction may not eventuate

The Company does not have a binding agreement to sell its shares in AFMH to Leppington, NewAustralia or any other party.

If the Resolution is approved and the Company offers its shares in AFMH to Leppington and/or the other AFMH shareholders (including NewAustralia), there is no guarantee that Leppington or the other AFMH shareholders (including NewAustralia) will accept that offer in full or at all.

If the Resolution is not approved, the Company may not be able to sell its shares in AFMH at all, even if another AFMH shareholder or a third party indicates an interest in purchasing the AFMH shares, as the right of first refusal in the AFMH Shareholders Agreement requires the Company to make the AFMH Shares available to all AFMH shareholders, which includes Leppington.

(b) Sale Shares may ultimately be worth more than the price under the Transaction

As with any sale, there is a risk that the value of the Sale Shares increases after they are sold by the Company such that the Company may be able to sell them for more at a later time or may receive more value by retaining the Sale Shares long term.

Having regard to the above risks and benefits, the Independent Directors believe it is in the best interests of the Company to sell the Sale Shares. Having regard to the terms of the Transaction, including the minimum sale price of \$1.40 per AFMH Share, the Independent Expert considers that the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

2 KEY CONSIDERATIONS IN RESPECT OF THE RESOLUTION

2.1 Reasons Shareholders should vote FOR the Resolution

The following provides a non-exhaustive list of reasons the Independent Directors consider that Shareholders may decide to vote **FOR** the Resolution:

(a) **Necessary to enable the Company to sell the AFMH Shares**

If the Resolution is not approved, the Company will not be able to sell the AFMH Shares unless Leppington waives its first right to acquire those shares. Leppington has given no indication that it would be willing to do so.

By approving the Resolution, shareholders will provide Noumi with the ability to offer to sell the AFMH Shares to Leppington (and, given that the right of first refusal in the AFMH Shareholders Agreement requires Noumi to make such a sale offer available to Leppington, shareholder approval indirectly also gives Noumi the ability to sell to other parties, such as New Hope Group) at \$1.40 per share or higher.

In order to capitalise on the non-binding, indicative and conditional offers of \$1.40 per AFMH Share put forward by Leppington and NewAustralia, or any other offer which may subsequently arise, Shareholder approval is required.

- (b) **Provides funds to collateralise the Bank Guarantee Facility and fund future settlement payments**

The net proceeds of a sale of the AFMH Shares will provide funding which the Company will put towards the cash collateralisation of the US\$18 million Bank Guarantee Facility and to fund the Settlement Agreement with Blue Diamond rather than funding the payments from operating cash flow. Any residual amount from the sale will be applied towards general corporate purposes including fees and expenses associated with the Transaction.

- (c) **Independent Directors consider a sale of the AFMH Shares is in the best interest of the Company**

The Independent Directors consider that a sale of the AFMH Shares for \$1.40 per share or higher, and otherwise on the terms set out in section 1.2, is in the best interests of the Company.

- (d) **Independent Expert considers the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging**

Having regard to the terms of the Transaction, including the minimum sale price of \$1.40 per AFMH Share, the Independent Expert considers that the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

The Independent Directors consider that the possibility of such a proposal is unlikely given the pre-emptive sale provisions contained in the AFMH Shareholders Agreement. The approval sought by the resolution does not preclude Noumi selling the AFMH Shares for a higher price.

2.2 Reasons Shareholders may vote AGAINST the Resolution

Each Independent Director recommends that Shareholders **vote in favour** of the Resolution.

However, set out below are possible reasons why Shareholders may wish to vote against the Resolution.

- (a) **Shareholders may consider that the AFMH Shares should be sold for a higher price**

Notwithstanding the matters outlined in 2.1 above or the views of the Independent Directors and the Independent Expert, Shareholders may consider that the AFMH Shares could and should be sold for a price higher than \$1.40 per share or otherwise on more favourable terms. Shareholders who are of this view should consider the risks if a more favourable sale is not attainable in a reasonable time or at all.

As noted above, due to the operation of the right of first refusal under the AFMH Shareholders Agreement, there is no practical ability to sell the AFMH Shares without first getting Noumi Shareholder approval. The approval sought by way of the resolution does not preclude Noumi selling the AFMH Shares for a higher price. However, the Independent Directors note that the Independent Expert has concluded that a sale of the AFMH Shares for \$1.40 per share is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging. The Independent Directors consider that the possibility of such a proposal is unlikely given the pre-emptive sale provisions contained in the AFMH Shareholders Agreement.

- (b) **Shareholders may consider that the AFMH Shares should not be sold at this time or at all**

Notwithstanding the matters outlined in 2.1 above or the views of the Independent Directors and the Independent Expert, shareholders may consider that the AFMH Shares should not be sold at this time or at all and that Noumi should explore

alternative ways of funding the payments under the Settlement Agreement. However, given the need for the Company to cash collateralise and based on the information available to the Independent Directors at the date of this Explanatory Statement, the Independent Directors consider that selling the AFMH Shares at this time is in the best interest of the Company.

(c) **Shareholders may consider that the AFMH Shares are an important strategic investment**

Notwithstanding the matters outlined in 2.1 or the views of the Independent Directors and the Independent Expert, shareholders may consider that the Company's investment in AFMH is strategically beneficial for the Company. Shareholders may be of this view if they consider that the investment in AFMH is strategic for growth and to better secure the Company's access to milk supply and/or that it is beneficial from an environmental, social and governance perspective because, for example, they consider that the supply chain knowledge and transparency AFMH provides on behalf of their fully-integrated farmers is an important factor in milk supply for the Company.

The Independent Directors consider that any strategic value of the Company's investment in AFMH is not sufficient to outweigh the benefits to the Company of a sale of the AFMH Shares. The AFMH Milk Supply Contract in place between the Company and AFMH has a multi-year term which secures the Company access to approximately 20 million litres of milk per annum from AFMH. This contract will not be affected by a sale of the AFMH Shares. For context, AFMH is only one of approximately 36 suppliers of milk to the Company (although the volumes of milk supplied to the Company vary between each supplier). Additionally, the Independent Directors do not consider that the Company's investment in AFMH provides the Company with any additional information or supply chain knowledge to the Company which is not publicly available or could not be provided by AFMH in response to a request from the Company when purchasing from AFMH.

2.3 Directors' recommendation

Each of the Independent Directors recommends that Shareholders **vote in favour** of the Resolution. Mr Tony Perich and Mr Timothy Bryan are associated with Leppington and have abstained from providing a recommendation.

Each of the Independent Directors intends to vote any Shares they hold, or in which they have a Relevant Interest, in favour of the Resolution to the extent they are not excluded from voting.

In considering whether to vote in favour of the Resolution, the Directors encourage you to:

- (a) read this Explanatory Statement carefully and in its entirety;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (c) obtain financial advice from your professional adviser where necessary.

3 RESOLUTION – APPROVAL FOR THE SALE OF SHARES IN AFMH TO LEPPINGTON

3.1 Background

The Resolution must be passed as an ordinary resolution and will therefore be passed if supported by a simple majority of votes cast at the Meeting. This excludes votes cast by or on behalf of Shareholders in the Company who are excluded in accordance with the Voting Exclusion Statement set out in the Notice of Meeting enclosed with this Explanatory Statement.

If the Resolution is not passed, the Company will not proceed with the sale of the AFMH Shares to Leppington.

3.2 Requirements under ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that a listed entity must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

10.1.1 a related party;

10.1.2 a child entity;

10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the entity;

10.1.4 an associate of a person referred to in ASX Listing Rules 10.1.1 to 10.1.3; or

10.1.5 a person whose relationship with the entity or a person referred to in ASX Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

Leppington is considered to be a related party of the Company on the basis that the Perich Group, who control Leppington, holds a relevant interest in more than 10% of the total votes attaching to the voting securities in the Company. Based on the Perich Group's most recent substantial holder notice dated 4 June 2019, the Perich Group currently holds a relevant interest in 52.53% of the total votes attaching to the voting securities in the Company (prior to the conversion of any existing Convertible Notes or Options). If all of the Convertible Notes were to convert into shares of the Company on the Maturity Date (applying the same assumptions as set out in section 5.4 of the Company's prospectus relating to convertible notes lodged with the ASX on 11 April 2022) and all outstanding Options were exercised and shares of the Company issued to the holders on the Maturity Date, the Perich Group would hold a relevant interest in approximately 42.17% of the total votes attaching to the voting securities in the Company assuming the Perich Group did not change their shareholding. Based on the former, the Transaction therefore falls within the categories in ASX Listing Rules 10.1.1 and 10.1.3.

Under ASX Listing Rule 10.2, an asset is "substantial" if its value, or the value of the consideration being paid or received by the entity for it is (or in ASX's opinion is) 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX. Based on the minimum sale price for the AFMH Shares (equating to approximately \$28.6 million for all of the AFMH Shares), Noumi considers that its interest in AFMH is a substantial asset for the purposes of ASX Listing Rule 10.1.

The Transaction therefore involves the disposal of a substantial asset to a related party and requires Shareholder approval under ASX Listing Rule 10.1. Accordingly, the Resolution seeks the required Shareholder approval to the Transaction under and for the purposes of ASX Listing Rule 10.1.

If the Resolution is passed, the Company will be able to proceed with the Transaction subject to the terms of the Transaction, including the price set by the Company, being accepted by Leppington.

If the Resolution is not passed, Noumi will not be able to offer the AFMH Shares for sale to the other AFMH shareholders unless Leppington waives its rights to acquire those shares. Future opportunities to sell the AFMH Shares may be limited due to the restrictions in the AFMH Shareholders Agreement. This may mean that the Company is not able to sell its AFMH Shares at all.

3.3 Information required by ASX Listing Rule 10.5

For the purposes of ASX Listing Rule 10.5, the information below is provided in relation to the Resolution:

The name of the person from whom the entity is acquiring the substantial asset or to whom the entity is disposing of the substantial asset	Leppington Pastoral Investments Pty Ltd ACN 606 130 358 (Leppington)
Which category in ASX Listing Rules 10.1.1 – 10.1.5 the person falls into and why	<p>Leppington falls within the categories in ASX Listing Rules 10.1.1 and 10.1.4 because:</p> <ul style="list-style-type: none"> Leppington is controlled by a substantial Shareholder, the Perich Group. As at the date of the Perich Group's most recent substantial holder notice dated 4 June 2019, Perich Group had a relevant interest in 52.53% of the Company's shares (on a pre-Convertible Note and Option dilution basis).²
Details of the asset being acquired or disposed of	The AFMH Shares, being 20,448,850 fully paid ordinary shares in Australian Fresh Milk Holdings Pty Ltd ACN 606 506 290 held by the Company's subsidiary Noumi Operations Pty Ltd (representing approximately 9.4% of all AFMH shares), as further described on page 12 of this Explanatory Statement.
The consideration for the acquisition or disposal	At least \$1.40 per AFMH Share which equates to gross sales proceeds of \$28,628,390 in aggregate for all of the AFMH Shares.
In the case of a disposal, the intended use of funds (if any) received for the disposal	If the Transaction proceeds, the Company will apply the net sales proceeds towards the cash collateralisation of the US\$18 million Bank Guarantee Facility and any residual amount will be applied towards general corporate purposes including fees and expenses associated with the Transaction.
The timetable for completing the acquisition or disposal	The indicative timetable for the Transaction is outlined on page 9 of this Explanatory Statement.
If the acquisition or disposal is occurring under an agreement, a summary of any other material terms of the agreement	A summary of the material terms on which the AFMH Shares will be sold are set out on page 12 this Explanatory Statement.

3.4 Requirements of Chapter 2E of the Corporations Act

Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either the giving of the financial benefit falls within one of the exceptions to the provisions, or shareholder approval is obtained prior to the giving of the financial benefit. "Financial benefit" for the purposes of the Corporations Act has a very wide meaning and includes a public company selling an asset to a related party. For the purposes of section 208 of the Corporations Act, directors of a company and an entity controlled by a director of the company are considered to be a related party, and the selling of an asset is an example of the giving of a financial benefit.

² Please refer to section 3.2 of the Explanatory Statement above for details of the relevant interest in the Company's shares on a post-Convertible Note and Option dilution basis.

Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party where the financial benefit being given would be reasonable in the circumstances if the public company and the related party were dealing at arm's length.

Notwithstanding that each of the Independent Directors recommend that shareholders vote in favour of the Resolution and the Independent Expert's Report concludes that the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging and while the Independent Directors consider that the Transaction is on arm's length terms, as a matter of corporate governance best practice the Independent Directors have decided to seek Shareholder approval under Chapter 2E of the Corporations Act.

The following information is provided to Shareholders as required by section 219 of the Corporations Act:

- the related party to whom the Resolution would permit financial benefits to be given is Leppington;
- the nature of the financial benefit is the sale to Leppington of some or all of the AFMH Shares at a price of no less than \$1.40 per share;
- Mr Tony Perich and Mr Timothy Bryan, Directors of the Company, have abstained from making a recommendation given they are associated with Leppington; and
- each of the Independent Directors unanimously recommend that Shareholders (other than any Excluded Persons as noted in the Voting Exclusion Statement) vote in favour of the Resolution. The Independent Directors do not have an interest in the outcome of the Resolution (other than in their capacity as holders of Noumi Shares).

Other than the information contained in this Explanatory Statement, the Independent Directors do not consider there is any other material information that would be reasonably required by Noumi Shareholders to consider the Resolution.

3.5 Independent Board Committee recommendation

The Independent Directors (i.e., all directors other than Mr Tony Perich and Mr Timothy Bryan, who have abstained from making a recommendation given they are associated with Leppington) unanimously recommend that Shareholders (other than any Excluded Persons as noted in the Voting Exclusion Statement) vote in favour of the Resolution.

In making this recommendation, the Independent Directors have carefully considered the advantages and disadvantages of the Transaction and evaluated their relative weight in relation to the circumstances of the Company. The Independent Directors unanimously believe that the sum of advantages outweigh the sum of the disadvantages and that the Transaction is in the best interests of Shareholders as a whole for the reasons set out in this Explanatory Statement and the Independent Expert's Report.

The Independent Directors do not have any material personal interests in the outcome of the Resolution. Mr Tony Perich and Mr Timothy Bryan have an interest in the outcome of the Resolution as a result of their association with Leppington.

Each of the Independent Directors intends to vote any Shares which they hold or control in favour of the Resolution. The Chair intends to vote all available proxies in favour of the Resolution.

The Chair of the Meeting intends to vote undirected proxies in favour of the Resolution.

3.6 Independent Expert's Report

ASX Listing Rule 10.5.10 requires that the notice of meeting include an Independent Expert's Report that sets out whether the Transaction is fair and reasonable to

Shareholders whose votes are not to be disregarded. The Company has retained Grant Thornton to provide the Independent Expert's Report in relation to the Transaction.

The opinion of the Independent Expert is that the Transaction is fair and reasonable to Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

A copy of the Independent Expert's Report is attached as Annexure A.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

4 GLOSSARY

In this Notice of Meeting and Explanatory Statement, unless the context otherwise requires, the following definitions apply:

ABN/ACN	means Australian Business Number / Australian Company Number.
AFMH	means Australian Fresh Milk Holdings Pty Limited ACN 606 506 290.
AFMH Milk Supply Contract	has the meaning given in section 1.3 of the Explanatory Statement.
AFMH Shares	means the 20,448,850 fully paid ordinary shares in AFMH held by Noumi Operations Pty Ltd representing approximately 9.4% of all shares in AFMH.
AFMH Shareholders Agreement	means the agreement entered into between AFMH and each of the shareholders in AFMH.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires.
ASX Listing Rules or Listing Rules	means the official listing rules of ASX.
AUD or \$ or A\$	means Australian dollars.
Bank Guarantee Facility	means the US\$18 million bank guarantee facility issued pursuant to a letter of offer between HSBC and Noumi Financing Pty Ltd in respect of the Company's AFMH shares in respect of the Company's AFMH shares and entered into as part of the Blue Diamond Growers Settlement.
Blue Diamond Growers Settlement	means the Final Agreement between the Company and Blue Diamond Growers dated 22 February 2022 as resolution of the dispute between the Company and Blue Diamond Growers.
Board	means the board of Directors of the Company.
Business Day	has the meaning given to that term in the ASX Listing Rules.
Chair	means Ms Genevieve Gregor.
Company	means Noumi Limited ACN 002 814 235.
Company Secretary	means Mr Justin Coss.
Convertible Notes	means the unlisted, subordinated secured convertible notes issued by the Company to noteholders (including Arrovest Pty Limited) on 27 May 2021 and the unlisted, subordinated convertible notes issued by the Company to noteholders (excluding Arrovest Pty Limited) on 4 May 2022.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Excluded Person	has the meaning given in the Voting Exclusion Statement.
Explanatory Statement	means this Explanatory Statement which includes the Notice of Meeting and the Proxy Form.
Extraordinary General Meeting or Meeting	means the extraordinary general meeting of Shareholders convened under the Notice of Meeting to consider the Resolution and to be held on 17 August 2022, or such other date where the meeting is adjourned.
Glossary	means this glossary of defined terms.
Group	means the Company and its Subsidiaries together.
Group Member	means any member of the Group.
HIN	means Holder Identification Number.
Independent Board Committee	the committee established by the Board comprising the Independent Directors.
Independent Directors	means Genevieve Gregor, Jane McKellar and Stuart Black AM.
Leppington	means Leppington Pastoral Investments Pty Limited ACN 606 130 358.
Link	means Link Market Services Limited ACN 083 214 537.

Maturity Date	means 27 May 2027.
Meeting	means the Extraordinary General Meeting of the Company.
Meeting Information Line	means 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia), open from 9:00am to 5:00pm (Sydney time), Monday to Friday.
Meeting Record Date	means 10:00 am (Sydney time) on 15 August 2022.
Moxey Family	includes Quentin Moxey, Janet Moxey and a number of entities associated with them.
NewAustralia	NewAustralia Holdings Pty Limited ACN 606 379 051 an entity controlled by New Hope Group
New Hope Group	means the New Hope Group including NewAustralia.
Non-Associated Shareholders	means the Shareholders that are not associated with Arrovest Pty Ltd (the Company's majority Shareholder) or its associates.
Noumi	means Noumi Limited ACN 002 814 235.
Notice, or Notice of Meeting	means this notice of extraordinary general meeting.
Options	means the listed options (ASX:NOUO) issued by the Company on 30 July 2021.
Perich Group	has the meaning given in the Notice of change of interests of substantial holder notice issued by Arrovest Pty Limited and the Perich Group dated 4 June 2019 being Anthony Perich, Ronald Perich, Michael Perich, Leppington Pastoral Co Pty Ltd (ACN 000 420 404) Perich Enterprises Pty Limited (ACN 067 609 830), Greenfields Narellen Holdings (ACN 050 294 034), Oran Park Special Events Pty Limited (ACN 096 767 832), Perich Management Pty Limited (ACN 001 253 587), Perich Investments Pty Limited (ACN 106 560 034), Marrich Investments Pty Limited (ACN 108 336 607), Oran Park Motor Sport Pty Limited (ACN 002 851 710), Perich Family Holdings Pty Limited (ACN 106 560 098), Oran Park Raceway Pty Limited (ACN 103 476 599), Organic Fertilisers (Leppington) Pty Ltd (ACN 001 123 726), Dart West Developments Pty Ltd (ACN 107 685 370), MRC Biotech Limited (ACN 095 181 785), East Coast Woodshavings Pty Ltd (ACN 105 326 743), Breeders Choice Woodshavings Pty Ltd (ACN 118 468 223), Austral Malaysian Mining Limited (ACN 073 351 621), Inghams Health Research Institute (ACN 077 543 849) and Pulai Mining Sdn Bhd (Malaysia), as well as Timothy Bryan – CEO of the Perich Group and Director of the Company.
Proxy Form	means the proxy form enclosed with this Explanatory Statement in relation to the Resolutions.
Relevant Interest	has the meaning given to the term in sections 608 and 609 of the Corporations Act.
Resolution	means the resolution set out in the Notice of Meeting.
Share	means a fully paid ordinary share in the capital of the Company.
Share Registry	means Link Market Services Limited ACN 083 214 537.
Shareholder	means a holder of one or more Shares in the Company.
SRN	means Security Reference Number.
Subsidiaries	has the meaning given to that term in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation: <ul style="list-style-type: none"> (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.
Transaction	means the sale of the AFHM Shares to Leppington.
Voting Exclusion Statement	means the voting exclusion statement accompanying the Resolution as set out in the Notice of Meeting.

ANNEXURE A – INDEPENDENT EXPERT’S REPORT

INDEPENDENT EXPERT’S REPORT

Noumi Limited

Independent Expert's Report and Financial Services Guide

12 July 2022

Summary of opinion

Grant Thornton Corporate Finance has concluded that the sale of the Noumi Interest is FAIR AND REASONABLE to the Non-Associated Shareholders.

The Independent Directors
Noumi Limited
80 Box Road
Taren Point, NSW 2229

12 June 2022

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Noumi Limited ("Noumi") is a leading Australian consumer good company focussed on the production of dairy and plant-based products and ingredients. Noumi has manufacturing facilities in Victoria and NSW where it produces well-known brands such as MILKLAB, Australian's Own, So Natural and others. It is listed on the Australian Securities Exchange ("ASX") with a market capitalisation of c. A\$34.6 million¹. Arrovest Pty Ltd and its associates ("Arrovest") currently holds 52.5% of the issued capital of Noumi and it is a related party of Noumi in accordance with the Corporations Act.

Among its assets, Noumi holds a 9.40% interest ("Noumi Interest") in Australian Fresh Milk Holdings Pty Ltd ("AFMH" or "the Company"). AFMH is one of the largest Australian dairy farm companies and it owns and operates a fully integrated dairy farming agribusiness across multiple sites in NSW and Victoria. Dairy and farming operations are located at Moxey Farms near Gooloogong NSW, as well as Coomboona Farms at Coomboona, VIC. In addition, a farming and heifer² raising facility is located at Torrumbarry, VIC. AFMH has also recently purchased the Ladysmith feedlot in Wagga Wagga, NSW ("Ladysmith Acquisition")

On the 17 November 2021, Noumi announced that it had entered into a binding heads of agreement with Blue Diamond Growers to settle ("Settlement") the proceeding in the US ("Arbitration") in relation to a licence agreement to manufacture and distribute Almond Breeze products. The parties entered into long form agreement to regulate the Settlement on 22 February 2022. The key terms of the Settlement are outlined below:

- Noumi has agreed to pay a total of US\$35 million of which US\$17 million was paid on 17 March 2022 ("Upfront Consideration") with the balance to be paid in quarterly instalments of US\$1.125 million over four years commencing on 15 August 2022 ("Deferred Consideration"). The Deferred Consideration has been supported by a US\$18 million bank guarantee provided by one of Noumi's senior lenders ("Bank Guarantee Facility") which was backed by a first ranking security over the Noumi Interest and the proceeds of the sale³ of the Noumi Interest.
- Upon payment of the Upfront Consideration, Noumi is unconditionally released from any and all restrictions to sell nut-based beverages, including MILKLAB, in Australia and elsewhere.

In conjunction with the Settlement and in accordance with the requirements of the Bank Guarantee Facility, Noumi announced that the Board had resolved to conduct a sale process to divest the

¹ Based on a share price of circa A\$0.11 as at 22 June 2022.

² A heifer is a cow that has not borne a calf or has borne only one calf.

³ This was supported by an offer from Leppington Pastoral Investments Pty Limited, an entity associated with Arrovest Pty Ltd and its associates which currently holds 52.5% of the issued capital of Noumi. To support its underwritten offer to acquire the Noumi Interest, Leppington and Arrovest have agreed to provide a limited guarantee of the Bank Guarantee Facility.

Noumi Interest in AFMH ("Proposed Transaction") and that it had received an offer from Leppington Pastoral Investments Pty Limited ("Leppington"), an entity associated with Arrovest.

Whilst the sale of the Noumi Interest is subject to pre-emptive rights in accordance with the terms of the Shareholders Agreement ("AFMH Shareholders Agreement"), Noumi is seeking Shareholder approval for a potential sale of some or all of the AFMH Shares to Leppington at a price of not less than A\$1.40 per AFMH Share (equating to approximately A\$28.6 million for all of the Noumi Interest) ("Offer Price"). This will provide Noumi with the flexibility to make an offer to sell the AFMH Shares in accordance with the AFMH Shareholders Agreement⁴ or to otherwise reach an agreement with all other AFMH Shareholders in respect of the sale of the AFMH Shares, but it does not necessarily mean that Noumi will sell the AFMH Shares to Leppington in part or at all.

If the Noumi Interest is sold to Arrovest, entirely or pro-rata, Noumi requires the approval of the non-associated shareholders ("Non-Associated Shareholders") in accordance with ASX Listing Rules 10.1 before entering into the Proposed Transaction. The Proposed Transaction is also subject to other customary conditions precedent, including AFMH's pre-emptive rights regime, as outlined in section 1.

Subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the Independent directors of Noumi ("Independent Directors") have unanimously recommended that the Non-Associated Shareholders vote in favour of the Proposed Transaction and subject to the same qualifications, all Independent Directors intend to vote, or procure the voting of, all Noumi Shares held or controlled by them in favour of the Proposed Transaction.

Purpose of the report

The Independent Directors have engaged Grant Thornton Corporate Finance to prepare an Independent Expert's Report ("IER" or "Report") stating whether, in its opinion the sale of the Noumi Interest to Arrovest is fair and reasonable to the Non-Associated Shareholders.

When preparing this IER, Grant Thornton Corporate Finance has had regard to the ASIC Regulatory Guide 111 *Contents of expert reports* ("RG 111"), ASIC Regulatory Guide 76 *Related party transactions* ("RG 76") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

⁴ Including via a Priority Offer as discussed and defined in the Notice of Meeting and Explanatory Memorandum.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Transaction is FAIR and REASONABLE to the Non-Associated Shareholders.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders and other quantitative and qualitative considerations.

Fairness Assessment

Grant Thornton Corporate Finance has compared the fair market value of the Noumi Interest with the Offer Price. RG 111 notes that a related party transaction is “fair”, when the value of the financial benefit being offered by the entity to the related party (i.e. the Noumi Interest) is equal to or less than the value of the consideration being provided to the entity (i.e. the Offer Price). The following table summarises our fairness assessment:

Fairness assessment A\$ per AFMH share unless stated otherwise	Section Reference	On a per share basis		On a total basis (A\$000)	
		Low	High	Low	High
Fair market value of Noumi's Interest	Section 6	1.32	1.49	26,959	30,507
Offer Price		1.40	1.40	28,629	28,629
Premium/(discount)		0.08	(0.09)	1,670	(1,878)
Premium/(discount) (%)		6.2%	(6.2%)	6.2%	(6.2%)
FAIRNESS ASSESSMENT		FAIR		FAIR	

Source: GTCF analysis

The Offer Price is within our assessed valuation range of AFMH and accordingly we have concluded that the Proposed Transaction is **FAIR** to the Non-Associated Shareholders.

Non-Associated Shareholders should be aware that the valuation of AFMH represents the range of possible outcomes and it is sensitive to small changes in certain key assumptions. Non-Associated Shareholders should refer to the sensitivity analysis included in section 6.2.6. In determining the fair market value of AFMH, we have considered a number of methodologies which are briefly discussed below:

DCF Method

For the purpose of our valuation, AFMH Management have provided Grant Thornton Corporate Finance with the internal projections (“Internal Projections”) covering the discrete period between 1 January 2022 and 30 June 2027. The Internal Projections were approved by the AFMH Board and they were provided to an independent third party valuer (“Independent Valuer”) to undertake a valuation assessment of AFMH (“Independent Valuation”) to assist the Directors in setting the capital raising price⁵ to fund the Ladysmith Acquisition (“Capital Raise”).

Based on the Internal Projections, Grant Thornton Corporate Finance has built a financial model projecting the post-tax free cash flows of the Company (“GT Model”) which we have used for the purpose of our valuation assessment. The Internal Projections were prepared at the end of 2021. Since then, we have observed rapid growth in milk prices with the opening milk prices for FY23

⁵ Noumi did not participate in the Capital Raising.

(released on or around 1 June 2022) on average 27% higher than the opening milk prices for FY22. Whilst some of this uplift was already captured in the Internal Projections, there have been further material increases since they were prepared with milk prices increasing by at least 15%/20%⁶ between December 2021 and June 2022. Further, the Reserve Bank of Australia (“RBA”) has increased the cash rate by 75 bps in May and June 2022 due to strong inflation and wage growth, with supply chain pressures being exacerbated.

As a result of the above, in the GT Model, we have updated the macro assumptions (mainly milk prices, inflation and interest rates) contained in the Internal Projections.

Based on the analysis detailed in section 6.2.1, we have applied an uplift to the FY23 milk prices in the GT Model compared with the Internal Projections and then assumed that the prices will increase from this new base in line with the Internal Projections. The assumed milk price in the terminal value is 75 cents per litre having regard to the Australian Bureau of Agricultural and Resource Economics and Sciences (“ABARES”) forecast and the related historical premium of AFMH milk, the current dairy environment and the near-term outlook for the industry.

Whilst the milk prices assumed in the GT Model may not necessarily be capable of being realised immediately by AFMH given the current contracts in place, the impact of these timing differences in the valuation assessment is expected to be immaterial. Further, AFMH milk supply contracts include minimum guaranteed prices and bonus incentive schemes which may allow AFMH to recoup some of the recent price increases.

On the flip side, we have increased the key components of the cost structure to reflect the inflation headwinds and wage growth of recent months. We note that headline inflation was 2.1% in the March quarter and 5.1% over the year and it is now expected to peak at around 6% in year-ended terms and to moderate to around the top of the 2% to 3% RBA target range by mid-2024. Accordingly, the total cost base in the GT Model is higher than the Internal Projections.

Based on the nature of the DCF approach, our valuation of AFMH includes a premium for control and it is on a 100% marketable basis, however Noumi is only selling a 9.40% interest in AFMH and accordingly a marketability and minority discount should be considered/applied. The size of the discount to apply to our valuation assessment of AFMH on a 100% marketable basis depends on a number of factors which are discussed below:

- *The pool of potential purchasers.* The greater the pool of potential buyers the lower the level of discount applicable. Based on the strategic nature of the business and the unique footprint both in terms of land and infrastructure in the Australian milk industry, we are of the opinion that the pool of potential purchasers is likely to be extensive although the small parcel of shares being disposed of may reduce the level of interest. We are of the opinion that the most likely potential purchasers of the Noumi Interest are the existing Shareholders. However, should the existing Shareholders not exercise their pre-emptive rights, this investment may be attractive for industry players seeking greater access to high quality milk supply and interested in developing commercial relationships with AFMH.
- *The level of risk in the industry and in the Company.* Higher level of risk is usually associated with higher level of discount. The underlying principle is that the potential adverse impact of risk factors is enhanced by the inability to dispose of the investments in a liquid market. We are of


⁶ Commodity Milk Value price data, Milk Value Portal. This has also been corroborated based on discussions with Noumi.

the opinion that the level of industry risk for the Company is low considering its market position, the quality of its product, the contracted nature of the revenue and the prime counterparties.

- *Key terms in the Shareholders Agreement.* They include typical pre-emptive rights for existing Shareholders and tag-along and drag-along rights which are consistent with standard terms for a business of this size. We note that Shareholders are only entitled to nominate a director if they hold 10% or more of the issued capital. Following the Capital Raising for the Ladysmith Acquisition for which Noumi elected not to participate, the Noumi Interest was diluted from 10.0% to 9.4% and accordingly Noumi does no longer have the right to nominate a Director on AFMH Board.
- *The prospect for liquidity within a known timeframe.* The shorter the expected holding period for an investment and more certain the potential prospective transaction or initial public offering, the lower the discount. Whilst the Company is not listed on the ASX, it is certainly an asset capable of being listed based on its scale, market position and profitability. However, we understand that the current Shareholders have no current intention to seek a liquidity event.
- *The dividend policy of the Company.* A company will usually attract a lower discount if it has a sustainable and consistent dividend policy as the shareholders receive a return on their investment during the holding period rather than when the investment is sold. AFMH has not paid any dividends since inception.

We are of the opinion that a generic pool of potential purchasers is likely to apply a material discount to the 100% marketable value of AFMH based on the DCF to derive Noumi Interest taking into account the proportion of the Company for sale (only 9.40%), the terms of the Shareholders Agreement and the illiquid nature of the investment.

On the flip side, the current Shareholders are considered the most likely buyers of the Noumi Interest and from their perspective, limited discount should apply for the lack of marketability and minority given their pre-existing shareholding and knowledge of the business. We have outlined in the table below for illustrative purposes only the various combination of shareholdings if the Noumi Interest is purchased by existing shareholders individually, pro-rata or by new investors.

Shareholding after Proposed Transaction % unless stated otherwise	Current	New Investor purchasing Noumi Interest	Pro-Rata	Existing Investor purchasing Noumi Interest (100% individually)		
				Moxey Family	LPC	NHG
New Hope Group ("NHG")	39.08%	39.08%	43.14%	39.08%	39.08%	48.48%
Leppington Pastoral Company ("LPC")	37.90%	37.90%	41.83%	37.90%	47.30%	37.90%
Moxey Family	13.62%	13.62%	15.03%	23.02%	13.62%	13.62%
Noumi	9.40%	-	-	-	-	-
New Investor		9.40%	-	-	-	-
Discount						

Source: GTCF Calculations

Note (1): The Current shareholding is after taking into account the recent capital raising from the Ladysmith Acquisition

As outlined above, the highest level of discount would apply if a new investor bought Noumi Interest whereas the lowest discount should apply if LPC or New Hope individually purchase the stake as it would allow them to raise their interest close to 50.1% of the issued capital of the Company (full and unfettered control). However, we note that an element of the additional value accruing to existing

Shareholders should be considered as special value which hence does not accrue for a generic pool of potential purchasers and accordingly it should be ignored for the purpose of assessing the fair market value.

In our deliberation on the applicable discount, we have also considered that evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% in the Australian market (refer to Appendix E for details) which implies a minority discount between 17% and 29%⁷.

Overall, we are of the opinion that a discount between 10% and 20% to take into account the specific circumstances outlined above is not unreasonable. We have set out below our overall valuation of the Noumi Interest.

DCF Method - valuation summary A\$ '000 (except where stated otherwise)	Section Reference	Low	High
Enterprise value of AFMH on a control basis post Ladysmith Acquisition incl. surplus assets	Note 4	532,853	619,853
Less: Pro-forma Net debt as at 31 December 2021 (pre AASB 16, post-acquisition basis)	Note 3	(214,260)	(214,260)
Equity Value of AFMH on a (control basis)		318,594	405,594
Less: Discount for lack of marketability and control	Note 2	(31,859)	(81,119)
Equity Value of AFMH on a (minority basis)		286,734	324,475
Total number of shares outstanding (post-money, fully diluted basis)	Note 1	217,498	217,498
Value per share of AFMH		1.32	1.49
Number of shares held by Noumi in AFMH		20,449	20,449
Fair market value of Noumi's Interest (A\$000s)		26,959	30,507

Source: GTCF Calculations

Note (1): The number of shares outstanding takes into account the shares issued in connection with the Ladysmith Acquisition

Note (2): We have applied a discount for lack of marketability and control between 10% and 20%.

Note (3): The net debt position is as at 31 December 2021.

Note (4): The enterprise value includes the balance sheet value of AFMH's investment in WAVE Ag Tech.

Cross check valuation assessment

In our cross-check valuation assessment, we have relied on the following:

- **Market value of net assets**

The market value of net assets is commonly used for capital intensive businesses where the value lies in the underlying assets and footprint which usually provide a competitive advantage difficult to replicate. This approach is less weighted towards the future potential of the business and future growth opportunities but it relies more on the investments incurred up to the valuation date with no/limited value attributed to internally generated intangible assets. The specialised nature of AFMH's assets would normally require the appointment of technical agriculture expert to assist in estimating their market value⁸, however this is not feasible for the purpose of the IER given that the commissioning party of the IER (Noumi) is not the holder of the underlying assets (AFMH). Nonetheless, Grant Thornton Corporate Finance has been able to undertake a high-level assessment of the market value of net assets based on publicly available information and discussions with AFMH Management and Noumi. However, the derived value range should only

⁷ Calculated as the inverse of a control premium between 20% and 40%.

⁸ RG 111 and RG 112 contemplates the appointment of appropriate specialist to assist the independent expert in the valuation of any assets where the independent expert does not have sufficient expertise.

be considered a high-level test to verify that the fair market value on a 100% basis under the DCF has not underestimated the value of AFMH assets.

The high-level assessment of the adjusted net assets as at 30 June 2022 represents the value of the Company on a 100% basis and it is comparable to the fair market value of the equity on a control basis under the DCF (i.e. before the application of the minority and marketability discount). We have estimated the market value of net assets between A\$287 million and A\$320 million on a 100% and control basis as at 30 June 2022.

Our assessment of the equity value on a control basis under the DCF (between A\$319 million and A\$406 million) is at a premium to the control value assessed under the market value of net assets. In our opinion, given the history of profitability, the scale of the business, the unique land holding and quality of AFMH's infrastructure, it is not unreasonable for the fair market value of the equity of AFMH to be in excess of our high-level estimate of the market value of the balance sheet, which in our opinion supports the reasonableness of our valuation assessment.

- *EBITDA and P/NTA Multiples*

This valuation approach only provides directional evidence for the purpose of our valuation assessment given the lack of particularly comparable companies and limited information on certain comparable transactions. In our analysis, we have considered companies in the ANZ region that operate within the wider dairy processing ("Dairy Peers") and farm production ("Farmgate Peers") industries due to the similar economic, geopolitical, and regulatory environments. The EBITDA Multiples and P/NTA Multiples implied in our DCF valuation are set out below. The FY22 and FY23 EBITDA of AFMH has been estimated by Grant Thornton based on publicly available information.

GTCF Implied EBITDA Multiple A\$ '000	Section Reference	Low	High
Implied EV / Reported EBITDA	7.2		
GT Assessed FY22 EV / EBITDA		18.4x	20.1x
GT Assessed FY23 EV / EBITDA		14.3x	15.4x
Peers - Median (FY23)		8.0x	8.0x
Peers - Low (FY23)		6.2x	6.2x
Peers - High (FY23)		15.4x	15.4x
P/NTA Multiple	7.2		
P/NTA Multiple		1.6x	2.0x
Peers - Median		1.9x	1.9x
Peers - Low		0.9x	0.9x
Peers - High		5.9x	5.9x

Source: GTCF Calculations

Note (1): Enterprise value is calculated on a control basis; Note (2) The Enterprise value and equity value do not include the Ladysmith Feedlot Acquisition as the impact of the Ladysmith Feedlot Acquisition is not captured in the EBITDA or the value on the balance sheet.

The EBITDA multiple implied in our valuation assessment is at the high-end of the comparable companies. In our opinion, it reflects AFMH's substantial presence and strong market position as one of Australia's largest independent dairy producers, the contracted nature of its revenue and the ability to access a distribution network through its shareholders and its unique land and infrastructure footprint on the Eastern Seaboard of Australia

The P/NTA Multiple implied in our valuation assessment is in line with the median and average across the benchmark.

Reasonableness Assessment

RG 111 establishes that an offer is reasonable if it is fair. As we have assessed the Proposed Transaction as being fair, it is also reasonable. However, we have also considered the following advantages, disadvantages and other factors.

Advantages

Current financial circumstances

Since 2020, Noumi has been navigating through challenging financial and operational circumstances. At the beginning of this period, Noumi reported various accounting irregularities, faced operational challenges (in addition to those induced by COVID-19) and as a result lost in excess of 90% of its market capitalisation which decreased from 1.4 billion⁹ at the beginning of 2020 to the current market cap of c. A\$34.6 million¹⁰. Noumi is also subject to two separate class actions initiated by its shareholders, in addition to the Arbitration which was recently settled.

In an attempt to overcome these challenges, Noumi introduced a new management team and Directors and it undertook a recapitalisation in May 2021 by issuing convertible notes of c. A\$265 million¹¹ ("Tranche A Note") of which A\$126.1 million¹² were subscribed by Arrovest¹³. The Tranche A Notes have a conversion price of A\$0.70¹⁴ per share.

In addition to the above, in order to satisfy the Upfront Consideration under the Settlement, Noumi issued an additional A\$27 million convertible notes¹⁵ in May 2022 ("Tranche B Notes") which were issued on substantially the same terms of the Tranche A Notes subject to the conversion price being A\$0.32 per share. Following the above, we have set out below a summary of the pro-forma¹⁶ net debt position and gearing ratios of Noumi as at 31 December 2021.

⁹ Based on the trading price of A\$5.1 per NOU Share as at 31 December 2019.

¹⁰ Based on a trading price of A\$0.11 as at 22 June 2022.

¹¹ Based on the ASX announcement dated 24 May 2021.

¹² Ibid.

¹³ In addition, Noumi also issued listed options which, if exercised, will generate additional proceeds of c. A\$27 million.

¹⁴ As reported in the Second Supplementary Prospectus lodged with the ASX dated 24 May 2021.

¹⁵ Noumi initially drew down on addition A\$26 million secured loan notes bridging facility between Noumi and certain existing institutional noteholders which had a maturity of 31 May 2022 and it was repaid via the issue of the Tranche B convertible notes.

¹⁶ Pro-forma for the issue of the Tranche B Notes which occurred after 31 December 2021.

Noumi summary of debt facilities	Average		Drawn	
A\$000 unless stated otherwise	Interest Rate	Last Maturity	Amount	Limit
Recourse Debtor Finance Facilities	3.56%	Rolling 6 months	11,912	11,912
Convertible Notes - Tranche A ¹	8.50%	27-May-27	284,506	284,506
Convertible Notes - Tranche B ²	8.50%	27-May-27	26,205	26,205
Revolver Finance Facilities	3.87%	27-May-23	17,000	36,000
Finance Lease	3.25% - 6.52%	Feb-22 to Mar-27	77,322	77,322
Total			416,945	435,945
Cash and cash equivalents			(15,430)	
Net drawn debt			401,515	
Total assets as at 31 December 2021			503,626	
Net assets / (Net Deficiency) as at 31 December 2021			(48,923)	
Market Capitalisation as at 9 June 2022			44,337	
Headroom in Debt Facilities (Debt Limit - Drawn Debt) ³			19,000	
Key ratios:				
Net drawn debt / Total Assets			79.7%	
Net drawn debt / Drawn Debt + Market Value of Equity			90.1%	
Net drawn debt / Net assets			-820.7%	
Net drawn debt / Market capitalisation			905.6%	

Source: Noumi Appendix 4C for the period ended 31 March 2022

Note (1): The Tranche A Notes comprise outstanding principal amount of A\$265 million and PIK interest of A\$19.5 million.

Note (2): Prior to the issue of the Tranche B Notes, Noumi had on issue Subordinated Notes of A\$26.2 million which were redeemed on 31 May 2022. The Tranche B Notes are on substantially the same terms as the Tranche A Notes.

Note (3): The Group's primary bank facilities are with HSBC and NAB. They include an undrawn A\$19 million syndicated facility, equipment financing facilities (NAB) and debtor financing facilities (HSBC). The Group also has other bilateral equipment finance facilities from a number of financiers and other general transactional banking facilities.

Based on the table above, Noumi has a high level of debt relative to the market value of its equity and also of its total assets. Further the reviewed accounts as at 31 December 2021 includes an emphasis of matter that due to the uncertainty surrounding the two Class Actions, which impact the long term financing of Noumi, a material uncertainty exists which may cast significant doubt on the ability to continue as a going concern and therefore whether Noumi may be able to realise its assets and discharge its liabilities in the normal course of business.

Based on the above capital structure and discussions with the Independent Directors, if the Proposed Transaction is not approved by the Non-Associated Shareholders, Noumi will be required to seek alternative means to raise the necessary capital to fulfil its obligations under the Settlement in relation to the payment of the Deferred Consideration. The total Deferred Consideration of US\$18 million or c. A\$26 million¹⁷ is equivalent to c. 75% of the current market capitalisation¹⁸. Given the current level of debt, the volatile market conditions and the magnitude of the Deferred Payment, any other alternative structure, it is likely to cause significant dilution for the Non-Associated Shareholders.

The Offer Price is higher than the recent Capital Raise undertaken by AFMH

AFMH has recently completed the Capital Raise to fund the Ladysmith Acquisition. As part of this process, the Company engaged an independent third-party valuer to undertake a valuation assessment of AFMH to assist the Directors in setting the Capital Raising price. In accordance with

¹⁷ Based on the US\$0.70:A\$1 as at 15 June 2022.

¹⁸ Based on the closing share price of A\$0.11 as at 22 June 2022

the terms of AFMH Shareholders Agreement, all AFMH Shareholders had the opportunity to review and provide comments on the Independent Valuation commissioned for the purpose of the Capital Raise which were independently considered by the Independent Valuer. The Capital Raising price was set at the mid-point of the Independent Valuation and it was approved unanimously by all the AFMH Shareholders¹⁹, including Noumi which did not participate in the Capital Raising.

AFMH Shareholders include large and sophisticated organisations, in addition to Noumi, as outlined below:

- New Hope Group (“NHG”) – It is a Chinese enterprise and one of the largest integrated suppliers of meat, eggs and milk in China and around the world. It has more than 600 subsidiaries and 135,000 employees²⁰. It currently owns 39.1% of AFMH.
- Leppington Pastoral Company – It is an entity controlled and associated with Arrovest and hence a related party of Noumi. It currently owns a 37.9% interest in AFMH.
- The Moxey Family (“Moxey Family”) – It is the one of the leading dairy producers in Australia with more than 100 years of history. It currently owns 13.6% of AFMH.

Whilst Noumi did not participate in the Capital Raise, it still had to approve the Capital Raising price. In addition, the AFMH Shareholders participating in the Capital Raising price also included the Moxey Family which is a not a related party to Noumi.

The Offer Price for the Noumi Interest is higher than the recent Capital Raising price which supports our conclusion on the Proposed Transaction.

Consideration of alternative transactions

Based on discussions with the Independent Directors and a review of the existing information, we understand that Noumi considered a number of potential alternative transactions before deciding to proceed with the sale of the Noumi Interest, however they were considered not viable or dilutive for the Non-Associated Shareholders. Specifically, we note the following:

- *Convertible Notes or other forms of debt:* Noumi’s advisors held discussions with potential investors regarding interest in subscribing for additional convertible notes. As part of this process, Noumi was able to raise an additional A\$27.2 million under the Tranche B Notes to pay for the Upfront Consideration. In terms of other debt facilities, given the current financial circumstances and level of debt, the likelihood of being able to raise new debt was considered unlikely. Further, since March 2022, a higher inflationary environment is prevalent globally and central banks have begun to increase interest rates. The Reserve Bank of Australia has raised interest rates by 75 bps in May and June 2022 and this trend is expected to continue until inflation is under control. The increase in the interest rates will put additional pressure/risk on

¹⁹ The issue of new securities is a matter that requires unanimous shareholder resolution and hence Noumi had access to and provided feedback on the Independent Valuation.

²⁰ NHG’s web site.

Noumi's financial position²¹ and raising new debt with this backdrop would be difficult and risky for the business.

- *Capital raise:* The trading prices of Noumi have reduced materially since the beginning of 2022 and based on the current market volatility, it would be challenging for Noumi and dilutive for the Non-Associated Shareholders to raise further capital. In particular, the current capital structure with A\$292.2 million²² issued of Convertible Notes (including Tranche A and Tranche B) make the raise of new equity unlikely as the new investors will be subordinated to the noteholders in the value waterfall. Any pricing to attract new investors is likely to be at a heavy discount to the current depressed trading prices therefore being heavily dilutive to Non-Associated Shareholders.

Ability to grow freely the plant-based business

The Arbitration is in relation to the licence agreement for the manufacture and distribution of Almond Breeze products. The dispute commenced in September 2020 when the licensor sought orders to restrain Noumi from manufacturing or selling nut-based beverage products in Australia and New Zealand that are were not Almond Breeze products, including organic or private labels and MILKLAB and Australia's Own brands. The approval of the sale of the Noumi Interest is a critical steppingstone in the funding of the Settlement which allows Noumi to focus on its strategy to grow the plant-based beverage business. This has been experiencing strong growth trajectory with FY21 net revenue increasing by c. 15.6% and EBITDA by c. 193.5%²³. MILKLAB domestic sales increased by 50% in the year and export sales increased by 46% with the MILKLAB brand now being sold in 20 countries. The brand continued to win market share and build customer loyalty.

Future outlay for funding AFMH's capital expenditure

AMFH has grown its business substantially over the last few years via a number of acquisitions and significant capital expenditure. To assist in funding its growth strategy, it has completed two capital raisings. Whilst Noumi participated to the 2020 capital raising to fund the Torrumbarry acquisition, it has not taken part to the Capital Raising for the Ladysmith Acquisition and its interest in AFMH has been diluted from 10.0% to 9.4% of the issued capital. If AFMH raises capital again in the future and if Noumi opts not to participate, it will be further diluted. If the Noumi Interest continues to reduce from the current level, a future sale of the Noumi Interest may be less lucrative, all other things being the same, given the greater minority and marketability discount which may be applicable.

Disadvantages

Noumi will not be able to participate in the future potential upside of AFMH

Should the Proposed Transaction complete, Noumi will forgo to the opportunity to participate in the future upside of AFMH and any uplift in market conditions. The following characteristics are key drivers of future growth for AFMH moving forward:

- AFMH is Australia's largest dairy producer and we are of the opinion that it will continue to

²¹ In relation to the interest payments on the Tranche A and Tranche B Convertible notes, we note that from May 2021 to November 2023, they are capitalised at a rate of c. 8.5% p.a. After November 2023 and up to maturity in May 2027, Noumi can opt to pay cash interest at 7% p.a. or continue to capitalise. Under the cash and PIK option, minimum cash interest will be 5% p.a and a PIK interest of 3.5% p.a.

²² Comprising A\$265 million of Tranche A Notes and A\$27.2 million of Tranche B Notes

²³ Plant-based Beverages division.

command a considerable market share through both growing production levels as well as the premium quality of milk.

- Based on our understanding of the current market conditions and discussions with Noumi, we are of the opinion that milk prices may continue to increase in the short term alongside growing supply constraints and rising inflation. AFMH is well positioned to capitalise upon this trend given their supply contracts with minimum guaranteed prices with key upstream dairy partners.
- AFMH has invested into and operates a successful genetics program aiming at the realisation of long-term commercial benefits such as a more robust donor herd, higher yields, larger output levels and increased quality of milk. These improvements in the herd, if they eventuate, may only reach a steady state in a number of years.
- AFMH recently completed the purchase of the Ladysmith Feedlot which may bring additional scale and cost savings if successfully integrated into the existing infrastructure.

Risk of losing the preferred supplier agreement

By virtue of its shareholding in AFMH, Noumi is a preferred supplier of AFMH with the current contract expiring in the short/medium term. AFMH milk's quality and consistency is such that Noumi experiences a lower level of wastage on the milk lines at its processing facilities and numerous other benefits. As a result, the preferred supplier agreement is valuable to Noumi and it may be difficult to replace. By selling its interest, Noumi will no longer be eligible for a preferred supplier agreement. However, although Noumi may not be able to enjoy preferred supplier status, AFMH and Noumi may be able to continue their commercial relationships. We note that there are other key customers of AFMH which are not AFMH Shareholders.

Other factors

Directors' recommendations and intentions

As at the date of this Report, subject to no superior proposal emerging, and an independent expert concluding and continuing to conclude that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the Independent Directors have unanimously recommended that Non-Associated Shareholders vote in favour of the Proposed Transaction and have advised that, subject to the same qualifications, all Independent Directors intend to vote, or procure the voting of, all Noumi Shares held or controlled by them, in favour.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is **REASONABLE** to the Non-Associated Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Transaction is **FAIR AND REASONABLE** to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide ("FSG") in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Proposed Transaction is a matter for each AFMH Shareholder to decide based on their own views of value of AFMH and expectations about future market conditions, AFMH's performance, risk profile and investment strategy. If AFMH Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



JEREMY BOGUE
Director

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Noumi to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction. This report is included in Noumi's Explanatory Memorandum.

2 Financial Services Guide

This FSG has been prepared in accordance with the Corporations Act 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report, we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is Noumi. Grant Thornton Corporate Finance receives its remuneration from Noumi. In respect of the Report, Grant Thornton Corporate Finance will receive from Noumi a fee of A\$145,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this Report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of Noumi in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Noumi (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction."

Grant Thornton Corporate Finance has confirmed independence of AFMH.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this report. Grant Thornton Corporate Finance will receive a fee based on commercial for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

Grant Thornton Corporate Finance had prepared an independent expert's report for Noumi in connection with the issue of the Tranche A Notes in April 2021. We do not consider the prior IER work in any way impedes our independence.

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority which can be contacted at:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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1 Outline of the Proposed Transaction

1.1 Sale offers received

While Noumi is currently seeking approval to sell some or all of its AFMH Shares to Leppington at a price of not less than A\$1.40 per AFMH Share, the Independent Board Committee may elect to sell the AFMH Shares for a higher price if they consider that a higher price is obtainable. The price of A\$1.40 per AFMH Share has been selected as the minimum sale price because:

- In April 2022, AFMH undertook the Capital Raising to fund the Ladysmith Acquisition at a price of A\$1.37 per AFMH Share.
- Noumi has conducted an alternative sales process amongst the other AFMH Shareholders. This alternative sales process led to the non-binding, indicative and conditional offers to acquire AFMH Shares as described below, and also saw the Moxey Family decline to bid for the AFMH Shares.
 - On 8 June 2022, New Hope Group made a non-binding, indicative and conditional offer to acquire all, or a proportion equivalent to its proportional holding in AFMH a price of A\$1.40 per AFMH Share.
 - In a subsequent letter on 15 June 2022, New Hope Group confirmed that it may be willing to increase its offer up to a price of \$1.45 per AFMH Share (however, it has not to date expressly made an offer at this price to Noumi).
 - On 18 June 2022, New Hope Group made an offer to acquire all or its proportional allocation of Noumi's AFMH Shares at a price of \$1.45 per AFMH Share, subject to acquiring not less than its proportional allocation.
 - On 10 June 2022, Leppington made a non-binding, indicative and conditional offer to acquire all the AFMH Shares under the AFMH Shareholders Agreement at a price of A\$1.40 per AFMH Share.

1.2 Overview of the Bank Guarantee Facility

On 17 March 2022, Noumi announced to the market that it had paid the initial US\$17 million of the Settlement. This payment was funded with the issue of Tranche B Notes. Noumi has also entered into the Bank Guarantee Facility with one of its senior financiers pursuant to which a US\$18 million standby letter of credit was provided to support the further 16 quarterly instalments that are payable under the Deferred Payment. As part of this, Noumi has granted a first ranking security over all its shares in AFMH and the proceeds of the sale of such shares, to secure the Bank Guarantee Facility. Noumi has obtained consent from necessary stakeholders to grant first priority over the AFMH Shares and the proceeds of any sale in connection with the Bank Guarantee Facility.

The Bank Guarantee Facility was supported by an offer from Leppington Pastoral Investments Pty Limited, an entity related to the major shareholder of Noumi, to acquire the Noumi Interest for not less than A\$25 million.

1.3 Pre-emptive Rights process under the terms of the AFMH Shareholders Agreement



The sale of the Noumi Interest is regulated under the AFMH Shareholders Agreement which requires the following:

- A shareholder that intends to sell its shares is required to make an offer to existing shareholders in the form prescribed in the AFMH Shareholders Agreement ("Offer Notice"). The Offer Notice should include details of the interest being sold and the price. In addition to this, the selling shareholder is required to disclose any offers received along with the details of the offer, attach a copy of the offer and all necessary documentation of the offer. The offer to acquire should be opened for acceptance for 30 days.
- The remaining shareholders are required to respond to the Offer Notice, stating whether they accept to purchase all or a proportion of the securities on offer.
 - If the total number of securities accepted by the other shareholders is less than or equal to the number of securities offered for sale, these shareholders will be offered the number of securities included in their response to the offer.
 - If the total number of securities accepted by the other shareholders is greater than the securities included in the Offer Notice, a pro-rata allocation will be made such that the relative shareholding remains unchanged.
- If after undertaking the above, all the securities held by the selling shareholder are not sold, these may be offered to the third party purchasers on terms that are similar to those offered to existing shareholders.

2 Purpose and scope of the report

2.1 Purpose

Chapter 10 of the ASX Listing Rules

Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders of a company if the company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX ("Substantial Asset"). Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company.

ASX Listing Rule 10.10.2 requires that the Notice of Meeting to approve the related party transaction must display prominently an expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes are not to be disregarded.

An IER in relation to the Proposed Transaction is required under ASX LR 10 since the Arrovest is a substantial shareholder and related party to Noumi and is also a shareholder in AFMH. Further, the fair market value of Noumi's investment in AFMH represents more than 5% of the reported net assets of Noumi and therefore meets the definition of a substantial asset. As a result, an IER is required to comply with the requirements of ASX Listing Rules 10.

Accordingly, the Independent Directors of Noumi have requested Grant Thornton Corporate Finance to prepare an independent expert's report stating, whether in its opinion, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

2.2 Basis of assessment

Grant Thornton Corporate Finance has had regard to RG 111 in relation to the content of independent experts reports and RG76 in relation to related party transactions. RG76 largely refers to RG111 in relation to the approach to related party transactions.

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG 111 also regulates IERs prepared for related party transactions in clauses 52 to 63. RG 111 notes that an expert should focus on the substance of the related party transaction, rather than the legal mechanism and, in particular where a related party transaction is one component of a broader transaction, the expert should consider what level of analysis of the related party aspect is required.

We note that RG111 clause 56 states the following:

RG 111.56 Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Chapter 2E or ASX Listing Rule 10.1), this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a

control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information (See Regulatory Guide 76 Related party transactions (RG 76) at RG 76.106–RG 76.111 for further details).

Accordingly, in the consideration of the Proposed Transaction, the expert should undertake a separate test of the fairness and then analyse the advantages and disadvantages for the Non-Associated Shareholders.

RG 111 notes that a related party transaction is:

- Fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.
- Reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

We have assessed the fairness of the Proposed Transaction by comparing the Offer Price received for the Noumi Interest in AFMH with the fair market value of the Noumi Interest in AFMH. In our valuation assessment, we have taken into account that Noumi holds a 9.40% interest in AFMH and the related rights and obligations under the AFMH Shareholders Agreement.

In considering whether the Proposed Transaction is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.
- The implications to Noumi and the Non-Associated Shareholders if the Proposed Transaction is not approved.
- Other likely advantages and disadvantages associated with the Proposed Transaction as required by RG111.
- Other costs and risks associated with the Proposed Transaction that could potentially affect the Non-Associated Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Transaction with reference to the ASIC RG 112.

Grant Thornton Corporate Finance had been engaged by Noumi to prepare an Independent Expert's Report in April 2021 in connection with the Tranche A Notes issue.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

2.4 Consent and other matters

Our report is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of General Meeting and Explanatory Memorandum proposed to be sent to the Noumi Shareholders on or around [insert] July 2022.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual Non-Associated Shareholders. Individual shareholders have different financial circumstances, and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to approve the Proposed Transaction is a matter for each Non-Associated Shareholder based on their own views of value of AFMH and expectations about future market conditions, AFMH's performance, risk profile and investment strategy. If the Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

3 Industry overview

3.1 Overview

The dairy industry is the third largest rural industry in Australia behind beef and wheat, and generated c. A\$4.7 billion in farmgate revenue throughout FY21²⁴. In the same financial year Australian dairy farmers produced c. 8,858 million litres of milk from c. 1.39 million cows, down c. 0.3% on the prior corresponding period. This fall was largely a result of freight and supply chain issues lingering from COVID-19 induced lockdowns throughout the year.

The Australian dairy industry plays an important role in the Australian economy, employing c. 37,400 people through dairy farms and dairy companies in FY21²⁵. A range of high-quality consumer products including fresh milks, yoghurts, custards and specialty cheeses are produced in most states. Since deregulation of the dairy industry, there has been increased levels of market and margin volatility undermining confidence in the outlook for many farmers. This resulted in the ongoing consolidation within both dairy farming and dairy processing.

The COVID-19 pandemic has resulted in some level of change in the domestic consumer behaviour. Demand for dairy products remained strong in the face of lockdowns both in Australia and abroad as consumers stocked up dairy products from supermarkets used in cooking and baking during the pandemic. While fresh milk is the biggest dairy segment in Australia, sales of UHT milk²⁶ surged in recent years as consumers have been concerned about insufficient supply of milk.

Dairy farming is concentrated in the temperate zone of Australia. The bulk of milk production remains strongly seasonal in key south-eastern dairying regions, particularly Victoria, South Australia and Tasmania, owing to the pasture-based nature of the industry. The seasonality of milk production in Queensland, New South Wales and Western Australia is less pronounced due to greater focus on drinking milk and fresh products. Production peaks in October, tapers off until late-summer and flattens out in the cooler winter months. This seasonality is offset by the production of long shelf-life manufactured products which has enabled maximum milk utilisation within the seasonal cycle.

3.2 Supply

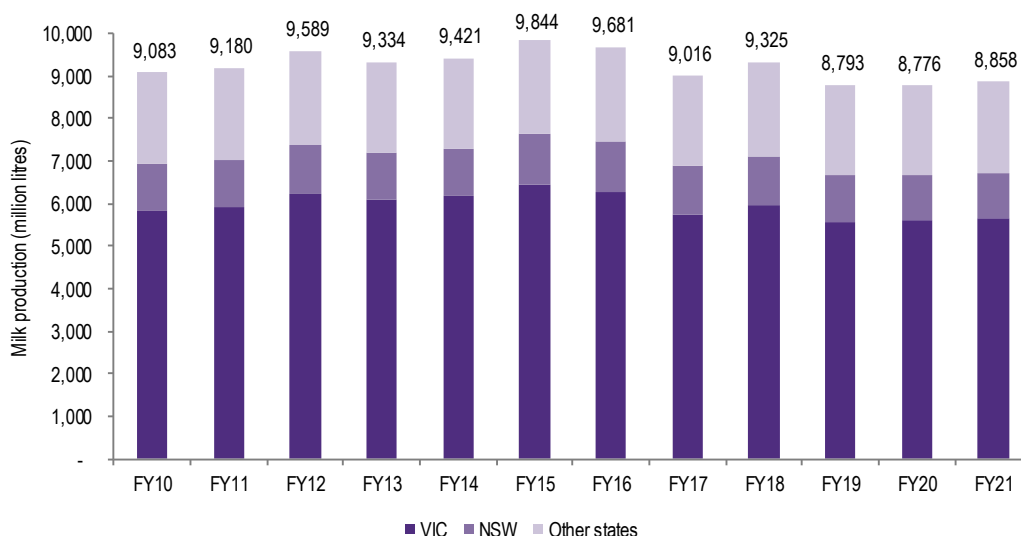
Throughout FY21, Australia's national milk pool increased for the first time in three years, ending the season up c. 0.7% at c. 8,858 million litres. The following graph illustrates the breakdown of milk production by state over the last 12 years:

²⁴ Dairy Australia: In focus 2021 – The Australian Dairy Industry.

²⁵ Ibid.

²⁶ UHT stands for Ultra High-Temperature Pasteurization and means that milk is heated to c. 280 degrees F for 2 seconds, which kills more bacteria than traditional pasteurization therefore, giving the milk a much longer shelf life before it spoils.

Australian Dairy Milk Production by State (Million litres)



Source: Dairy Australia, GTCF analysis

Note 1: Other states include Queensland, Tasmania, Northern Territory, South Australia and Western Australia

As illustrated, dairy production has been declining since FY15 on account of challenging climatic conditions including the millennial drought and bushfires affecting VIC and NSW. Analysis by the Dairy Farm Monitor Project²⁷ (“DFMP”) suggests that there is a lag in recovery as it takes time to achieve optimal business efficiencies and free up resources to invest after a number of challenging years. In recent years, volatility in farmgate prices and farm incomes have impacted investments on infrastructure and herd sizes as well as reducing farmer confidence and the industry’s ability to grow. In many cases, during these years farmers have shifted their focus to culling stock to take advantage of higher beef prices in order to maintain cash flow²⁸. Notably however, whilst prior years have been categorised by unfavourable weather conditions and volatility within the farmgate milk prices, the FY21 season is widely regarded as one of the best in recent years, largely underpinned by positive weather conditions and rainfall that led to favourable grazing conditions and boosted margins.

Prior to its deregulation in 2000, state governments controlled fresh milk pricing and state dairy corporations regulated milk quality and controlled production. Following the deregulation, farm closures and industry consolidation have accelerated. Currently, the industry is highly fragmented, with a significant mix of small, single station operations and co-operatives. The value chain in this industry is concentrated further downstream, with industry operators competing for supply contracts from farmers, who in turn will sell onwards to supermarkets and other tertiary providers. There are a wide range of national and multinational companies operating in the upstream dairy industry. Key farming participants include AFMH, Aurora, FarmRight, Compass Agribusiness and ACE Farming, and key milk brokers include Australian Consolidated Milk, Australian Dairy Farmers Corporation and Dairy Farmers Milk Co-operative.

More recently, driven by increasing health awareness among consumers, dairy substitutes such as soy milk, almond milk, and other plant-based beverages have been gaining popularity. This is predominately due to the perceived health benefits such as reducing the intake of bad fats and reduced total calories.

²⁷ This is an initiative undertaken by Dairy Australia which is the Industry Body. DFMP provides a comprehensive physical and financial analysis of 250 dairy farms across Australia.

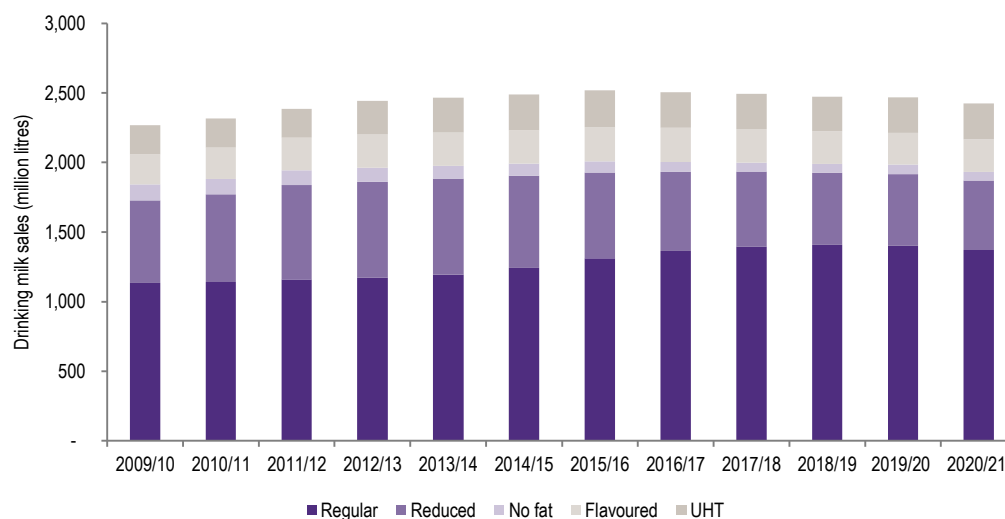
²⁸ Australian Dairy Industry In Focus 2020

3.3 Demand

The Australian dairy industry produces a range of products such as milk, milk powder, cheese, butter (including AMF²⁹) and fresh products such as yoghurt, cream and custard. Around 32% of the total produce of the dairy industry is exported³⁰, with the balance being consumed locally.

According to the Department of Agriculture, Australians on average consume 94.4 litres of dairy milk and 13.4 kilograms of cheese per annum³¹. Notably though, the consumption of milk has been declining over the past few years as evidenced by declining domestic sales of milk, largely due to increasing health awareness and substitutes in the form of other plant-based beverages. Despite this, Australian milk consumption remains high compared to other developed countries owing to Australia's 'coffee culture' and growth in flavoured milk products³².

Australian Historical drinking milk sales by type (million litres)



Source: Australian Dairy Industry in Focus 2020, GTCF analysis
UHT = Ultra High Temperature
FY20 (E) = Estimated

There is a growing demand for Australian dairy products from export markets such as China and South East Asia. Australian dairy products are viewed as 'premium products' and are able to extract a higher price in these export markets. Further, export markets such as China and South East Asia are characterised by continued income growth and urbanisation, factors that are expected to support the demand for 'premium products'. This is evidenced by dairy exports from Australia increasing from c. A\$2.85 billion in FY15 to c. A\$3.28 billion in FY21. The top five export markets by per year tonnage consumption are Greater China³³ (c. 318,507 t), Singapore (c. 70,717 t), Japan (c. 69,188 t), Malaysia (c. 67,979 t) and Indonesia (c. 52,323 t). Australian dairy exports have grown at a CAGR of c. 4.5% over the last five years, predominately driven by Greater China which accounted for c. 38% of the exports by volume and c. 40% by value in FY21.

²⁹ Anhydrous Milkfat or dehydrated butter.

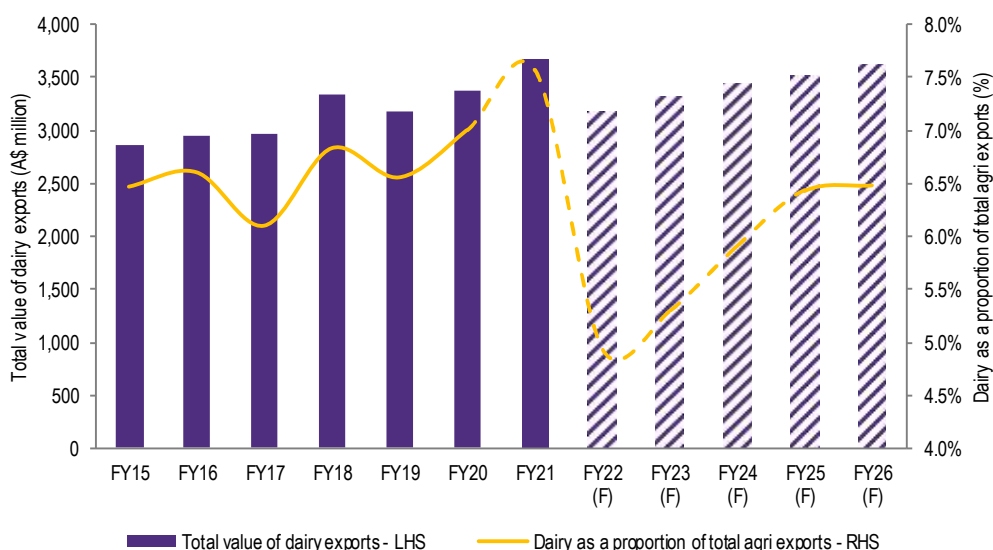
³⁰ Dairy Australia: In focus 2021 – The Australian Dairy Industry.

³¹ Ibid.

³² Australian Dairy Industry In Focus 2020

³³ Greater China includes the People's Republic of China, Macau and Hong Kong

Australian Historical and Forecast Dairy Exports from FY15 to FY26



Source: Australian Bureau of Statistics, ABARES
Note 1: All values are nominal Note 2: FY21 is forecast

Moreover, dairy as a proportion of total agriculture exports is forecasted to fall to c. 4.9% in FY22 as compared to 6.5% in FY15, largely due to proportional increase in beef exports throughout the year. Notably however, this is expected to grow back to c. 6.5% again by FY26, suggesting that even though the agriculture industry as a whole has been facing headwinds due to sustained adverse weather conditions and COVID-19 related hindrances, the relative contribution of dairy is expected to increase in the long run.

3.4 Pricing

The price paid to dairy farmers within Australia depend on the milkfat and protein content of the milk produced. Typically, farmgate milk prices will vary amongst processors, as well as payment structures between dairy companies to individual farmers. Many farmers enter into milk supply agreements with processors that can provide a range of incentives for milk quality, productivity or volume levels, leading to a consistent year-round supply of milk. Further, individual returns are affected by various factors including market and product mix, marketing strategies, utilisation and efficiencies in factory processing capacity.

Unlike many other countries around the world, the Australian government has no legislative control over the farmgate milk prices. Since deregulation of the Industry in 2000, all prices have been set by market forces. Key factors driving positive price movements historically have been fluctuations in Australia's weather patterns, supermarket influence and governmental pressure. A key example of governmental pressure came in 2017 when, following a year of depressed farmgate milk prices, the then-treasurer Scott Morrison ordered the ACCC to begin a dairy industry inquiry following claims of predatory pricing by supermarkets throughout 2017. The ACCC investigation found no evidence of predatory pricing from the supermarkets, rather milk prices had depressed between farmers and processors and this had led to a cheaper retail price. Since then however, prices have steadily increased, aided by high profile Australian dairy co-operative failures such as Murray Goulburn Co-Operative Co. Ltd and Westland Co-operative Dairy Company Ltd, thereby constraining supply and driving upward price pressure.

In 2020 the dairy industry code of conduct ("Dairy Code") was implemented, aimed at regulating the conduct of farmers and milk processors in their dealings with one another³⁴. The aim of the Dairy Code is to improve the clarity and transparency of trading arrangements and applies to dealing between a dairy farmer and any corporation that purchases milk directly from them, including supermarkets, milk brokers, co-operatives or corporations created for the purposes of collective bargaining. As part of this Dairy Code, purchasers are required to identify and disclose a minimum purchase price for milk supplied during a given period. Typically, these are disclosed at the beginning of each financial year as opening prices and pertain to the forward-looking year ahead. This minimum price allows a farmer to know the minimum amount they will be entitled to receive (less any fees for the services payable) at the end of the contract if they supply milk in accordance with the agreement.

In the short term, the 2022/23 season is expected to experience unprecedented opening milk prices, backed by strong competition for milk and robust global markets. The following table illustrates key players within the dairy industry and their variations in milk prices from the 2021 to 2020 seasons:

Price change between June 2021 and June 2022				
kgMS ³	Note	Opening milk price		% change
		1-Jun-21	1-Jun-22	
Bega	Note (2)	6.90	8.85	28.3%
Fonterra		6.55	8.25	26.0%
Saputo		6.65	8.50	27.8%
ACM	Note (1), (2)	7.00	8.70	24.3%
ADFC		7.00	8.80	25.7%
Bulla	Note (2)	6.65	8.80	32.3%
Burra Foods	Note (2)	6.60	8.40	27.3%
Coles		7.19	9.05	25.9%
Lactalis		6.95	8.73	25.6%
Average (excl. AFMH)		6.83	8.68	27.0%
Median (excl. AFMH)		6.90	8.73	26.0%

Source: ADPF, Dairynews Australia Website

Note (1): For 1 June 2021, this is based on the average price across various regions.

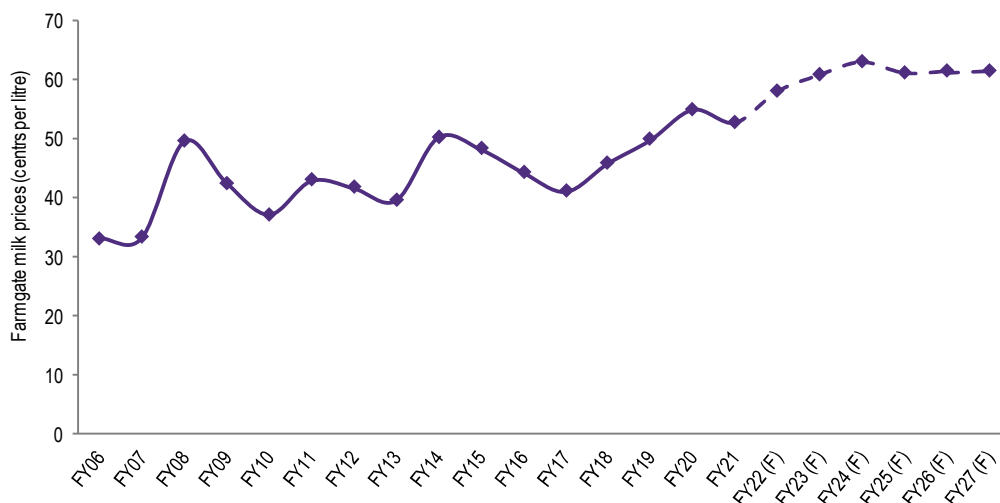
Note (2): ACM Prices as at 1 June 2021 do not include organic milk prices.

Note (3): kgMS = Kilograms per Milk Solids

Simultaneously, input costs such as fertiliser, fuel and grain prices have all increased amid the war in Ukraine, geopolitical tensions have heightened and ongoing disruptions associated with COVID-19 have remained prevalent. Each of these factors are expected to contribute to upwards price pressure that will be passed on from farmers to further up the value chain. The following charts provide the historical and forecast growth of farmgate milk prices.

³⁴ ACCC - Dairy Code of Conduct/

Australian farmgate milk prices (Cents per litre)



Source: Australian Bureau of Statistics, ABARES

Note (1): All values are nominal (A\$ cents per litre) and relate to the weighted average farmgate price in Australia; Note (2): Values are as at 30 June for each period.

Milk producers traditionally have been able to demand premiums above the average farmgate milk price due to the following:

- To underpin plan throughput.
- Processors can match precise market requirements in terms of volumes, seasonality and milk components such as fat and protein content.
- Competition for milk has intensified.
- To reflect multi-year mutual commitment amongst processors and famers.

3.5 Future Outlook

In FY22 the value of production within the Industry is expected to increase to c. A\$5.3 billion, largely due to higher farmgate milk prices³⁵. It's expected that the largest negative risk associated with short term growth in the industry is higher than expected global milk production alongside lower than expected demand from China. Further, the speed of economic recovery post COVID-19, normalisation of lingering supply chain issues and potential negative climate shocks are expected to drive fluctuations in the medium term prospects for the Industry. Should freight and supply chain disruptions persist however, domestic farmgate milk prices are expected to remain elevated for a longer period of time, predominately a function of lower global milk production caused by COVID-19 and its associated input costs and supply chain issues.

In addition to the above, we have considered the following qualitative information.

- According to Dairy Australia, as Australian consumers witness more relaxed COVID-19 restrictions, sales through food service outlets have improved which is having a positive flow-on impact on domestic demand for dairy at a time when retail sales remain elevated.

³⁵ ABARES: Agricultural commodities – March quarter 2022.



- According to the Austrade Publication, UHT milk sales in China are forecast to increase from c. RMB 89.2 billion in 2017 to c. RMB 99 billion to 2022.
- According to the Austrade Publication, China has strong macroeconomic fundamentals such as a growing per capita income, increasing middle class population, strong growth in tier 2 and tier 3 cities and policy changes such as adoption of the two-child policy³⁶ and others. All these are expected to continue supporting the demand for Australian food & beverages. The urbanisation and rising per capita income have created demand for premium products.

Based on the above, the outlook for the overall dairy industry is positive in spite of the aforementioned headwinds. Export markets are also expected to continue to represent a high margin avenue for the industry. These factors are expected to positively influence the performance of AFMH.

³⁶ In 2015, to address the ageing population, Chinese State Council announced the end of China's one-child policy, thereby allowing all couples to have two children.

4 Profile of AFMH

AFMH is a private unlisted company with limited information publicly available. Whilst, we have been provided access to confidential information for the purpose of undertaking our engagement, we are not allowed to disclose them in the IER for confidentiality reasons and because they represent commercially sensitive information. All the information included in this section is based on publicly available information such as annual reports, Noumi ASX announcements, news articles and other sources.

4.1 Overview

AFMH was initially established in 2015 as a joint venture between the New Hope Group, Leppington Pastoral Company (an entity controlled and associated with Arrovest who currently owns 52.5%³⁷ of Noumi), the Moxey Family and Noumi. The Company focuses on the sustainable production of fresh milk and it is one of Australia's largest independent producers of milk with production of c. 180 million litres each year and a herd of c. 13,000 cows. Set out below is a summary of the current key assets held by AFMH:

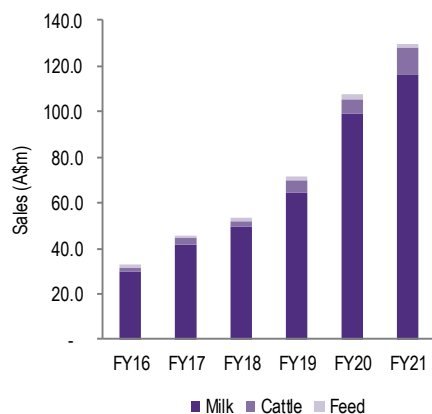
- **Properties & Herd:** AFMH owns and operates a fully integrated farming agribusiness across two sites in eastern Australia, Moxey Farms near Gooloogong, NSW and Coomboona Farms in Coomboona, Victoria. These sites are the two largest single-site dairies in Australia with a herd value of c. A\$61.5 million³⁸ as at 30 June 2021.
- **Infrastructure:** In addition to the properties and herd, the Company owns a farming and heifer raising facility that's located in Torrumbarry, Victoria and a feedlot in Southern NSW. The Torrumbarry aggregation refers to four linked properties held by different owners across more than c. 4,000 hectares. The Ladysmith Feedlot was purchased in April 2022 and has 97 pens with c. 4,500m of concrete feed bunk space. AFMH has also invested a considerable outlay into bio-digester infrastructure, which captures liquid and solid cow waste streams. Benefits derived from this bio-digester include lower overall methane output, recycling of nutrients for fertiliser, and odour reduction.
- **Supply agreements:** The Company holds significant, multi-year contracts with key milk processors such as Noumi, Bega Dairy and Drinks, a2 Milk Company and Leppington Pastoral Company. These contracts include various pricing mechanisms, performance incentives depending on the protein and fat content of the milk and provide the Company with the security required to scale the operations and grow the business.
- **Genetics program:** AFMH operates a highly successful genetics program aiming at continually upgrading the donor herd. This investment in the long run will ultimately result in increased yield per cow, reduced morbidity and improved reproductive and feed efficiency.
- **Land and water licenses:** The Company holds significant land and water licenses which provide a natural hedge against the volatility of key input costs. This can lead to numerous benefits, namely through the mitigation of some of the seasonality inherent in milk production, lower input feed costs and lower weighted average water costs. Water rights represent a significant strategic asset for AFMH. They are central to the performance of their operations and they enhance the ability to maximise yields and planted area.

³⁷ Before conversion of the existing convertible notes.

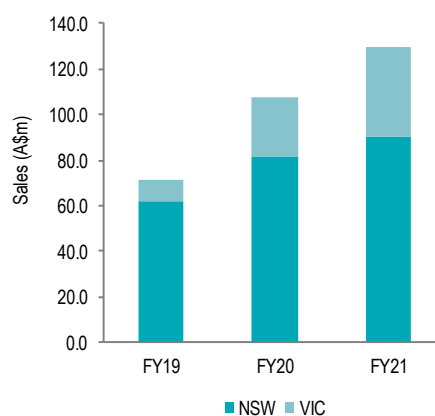
³⁸ AFMH FY21 Annual Report

The Company generates most of its revenue from the sale of milk, followed by cattle and feed sales. Further, AMFH's geographic distribution of sales within NSW has historically averaged at c. 75% of total sales, with the Victorian market making up the remainder. The following graphs illustrated the historical split in AFMH sales by both product and geography:

Sales breakdown by product



Sales breakdown by geography



Source: AFMH Annual Reports

4.2 Key Farm Assets

AFMH owns and operates four key assets that are spread across central NSW and northern Victoria, namely Moxey Farms, Coomboona, Torrumberry and the Ladysmith Feedlot which are illustrated in the map below:

AFMH Assets – Moxey Farm, Coomboona Farms, Torrumberry Farms and Ladysmith Feedlot



Source: Management

Note (1): MF = Moxey Farm; CF = Coomboona Farm; TF = Torrumberry Farm; LF = Ladysmith Feedlot

4.2.1 Moxey Farms

Moxey Farms, situated in Gooloogong NSW, is AFMH's key asset and one of Australia's largest dairy farms. The farm began in 1919 and was founded by the Moxey Family in Richmond on 24 acres with 20 cows. In 1992 the family expanded the farm to Gooloogong, near Cowra in central west NSW, with milk production commencing c. six years later. By early 2014 Moxey Farms owned c. 3,700 milking cows and produced c. 50 million litres of milk per annum, however the Moxey Family initiated a review of its operations with the aim of finding a strategic partner to assist with the next stage of growth. In July 2015, AFMH completed the acquisition of the asset with the Moxey Family continuing to operate the farm in a joint venture with the remaining AFMH parties.

4.2.2 Coomboona Farms

Situated in the Goulburn Valley in Northern Victoria, Coomboona is a dairy enterprise spread across two farms. In September 2015, ASX listed Harvey Norman, to diversify their operations, acquired a c. 49.9% stake in the asset for c. A\$34 million. However, by the end of December 2017, the Coomboona asset had accumulated losses amounting to c. A\$27 million and by February 2018, Harvey Norman had written down its investment in the farm to A\$nil. Following this, in March 2018, both Coomboona's directors and Harvey Norman agreed to appoint administrators and list it for sale. In January 2019, AFMH purchased the Coomboona farms and Noumi contributed A\$4.6 million in equity funding based on its 10% equity shareholding in AFMH. At the time of the purchase, it owned c. 2,500 milking cows held on the property, producing more than c. 30 million litres of milk per annum. Following this purchase, then Freedom Foods (now Noumi) disclosed that the aggregated farms of both Moxey and Coomboona would make AFMH the largest dairy farmer in Australia, with expected milk sales for 2019 at a group level amounting to c. A\$150 million.

4.2.3 Torrumbarry Aggregation

In November 2019, AFMH completed the acquisition of the Torrumbarry aggregation in northern Victoria. The acquisition of the asset comprised of four linked properties held by different owners across more than c. 4,000 hectares. The purchase also helped support growth at both Coomboona and Moxey Farms through the supply c. 3,600 milking cows, heifer operations and annual water entitlements of more than c. 6,700 megalitres. From a rationale perspective, the Torrumbarry Aggregation reduces pressure on existing dairy operations by having a separate purpose-built young stock facility which is also scalable to support increased capacity in milking cows. Additionally, the site also aids in drought proofing the existing Moxey and Coomboona farms through its large water entitlement, with almost half of the land being irrigable. For the acquisition, Noumi contributed A\$4.0 million in equity funding based on its 10% equity shareholding in AFMH.

4.2.4 Ladysmith Feedlot

In April 2022, AFMH completed the acquisition of the Ladysmith Feedlot, which is a 6,500 head fully licensed beef feedlot, with a land of c. 735 hectares suited to dryland cropping, fodder production, and backgrounding underpinned by a full array of operational facilities and 571 millimetres annual rainfall, located c. 20 km from Wagga Wagga. The infrastructure includes a total of 97 pens including 80 home pens, 11 receival and exit pens, six (6) processing pens along with 4,500 metres of concrete feed bunk space. All cattle receival, exit and processing is undercover. The feed processing facility contains a Benmic roller mill, commodity storage in concrete bunkers and silos with a covered grain receival area. Additional feedlot improvements include workshop, weighbridge, stables, hayshed, silage bunkers and a

large office with full amenities, weather station and security camera monitoring system. On site accommodation include a manager's residence, workman's cottage and a fully contained flat. Water security is via dams and a bore with a 296 megalitre bore licence. The acquisition was 100% equity funded by AFMH and Noumi elected not to participate to the Capital Raising and hence its interest in AFMH was diluted from 10.0% to 9.40%.

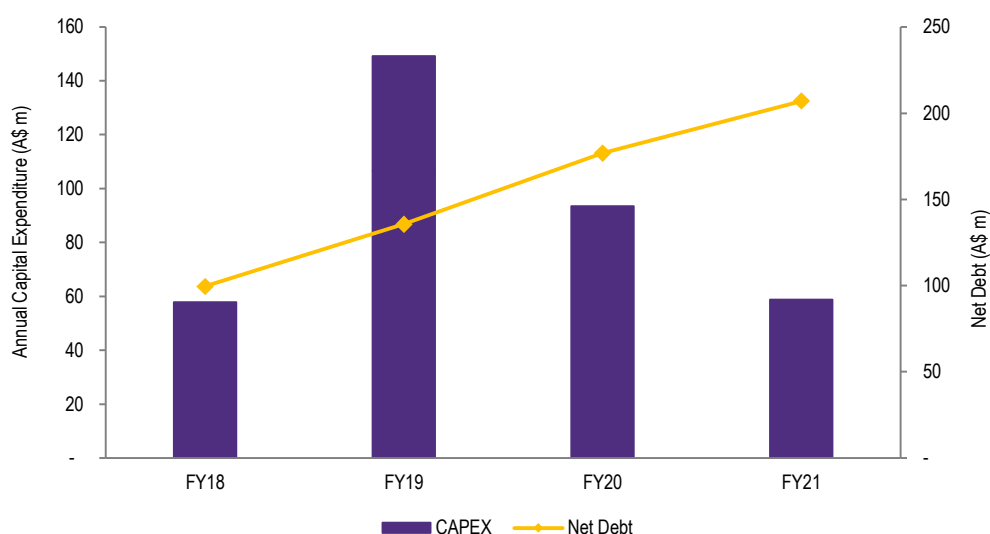
4.3 Genetics program

AFMH operates a highly successful genetics program which is supported by access to high quality embryos through their 33.33% ownership in the joint venture WAVE Ag Tech ("WAVE"). From a logistics standpoint, AFMH receives embryos from WAVE and artificially inseminates existing females within their herd to produce genetically modified, higher yield cows. Over time, the expected outcome of this program being the upgrading the donor herd ("Next Generation Herd"). The ongoing focus on genetic improvement and technology has positioned AFMH to produce surplus females for future growth or export purposes. Furthermore, the WAVE venture produced its first embryos in December 2020 and as the new investment matures, it will have an increasingly key role in supporting the value of AFMH's livestock in the future.

4.4 Capital Expenditure

Over the last four years AFMH has undergone an extensive capital expenditure program totalling c. A\$243.1 million³⁹ to upgrade its infrastructure, reduce the cost of production and pursue growth opportunities via acquisitions in the domestic market. The large outflow has been funded via existing cash reserves, the increase of external debt, the issue of new shares and cash flows generated in the general course of the business. The following chart sets out AFMH's historical capital expenditure and net debt since FY18:

Annual capital expenditure



Source: AFMH Financials

Note (1): Net Debt is calculated on a post AASB-16 basis and includes lease liabilities; Note (2): Capital expenditure is calculated from AFMH's cash flow statement and is the aggregation of the purchase of property, plant and equipment, purchase of biological assets, purchase of intangible assets, purchase of financial assets and acquisition of subsidiaries.

³⁹ Calculated as the total expenditure on the acquisition of property, plant and equipment, intangible assets, financial assets and subsidiaries from FY18 to FY21 as reported in the Company's annual financial statements.



As a result of the above capital expenditure, production capacity across the Company's assets has increased, growing total revenue at a CAGR of c. 25.0% over the last four years. Regarding the above capital expenditure, we note the following:

- The capital expenditure includes the acquisition of other businesses, including Coomboona in FY19 and Torrumbarry in FY20.
- In FY20, Noumi's primary focus was geared towards expanding the Coomboona Farm's existing infrastructure to help support herd growth. Key infrastructure projects include the upgrade of the existing Trotter Road Facilities, the construction of three new 800 cow free stall barns, expansion of the existing young stock facilities to accommodate up to 800 calves and a new purpose-built maternity facility.
- Throughout FY21 capex was heavily focussed on continuing the Coomboona Farm's expansion seen throughout FY20, with total capex amounting to c. A\$59 million in FY21. In addition to this, capex at the Moxey Farms location was targeted towards the construction of a purpose-built milking facility and front office / laboratory, with the former designed to accommodate and milk c. 850 fresh and special needs cows and the latter hosting the new WAVE Ag Tech IVF Laboratory for new generation embryo production. Finally, the Company completed the production of a new siteworks and waste system project throughout the year.
- Moving forward, current projects slated for completion in FY22 and beyond are focussed on business improvement and the embracement of initiatives geared towards site biosecurity, safety, animal wellbeing and operational efficiency.

4.5 Financial Information

4.5.1 Financial Performance

The table below illustrates the Company's audited consolidated statements of comprehensive income for the last three financial years.

Consolidated statements of financial performance	FY19	FY20	FY21
A\$ '000	Audited	Audited	Audited
Revenue from contracts with customers	71,595	107,415	129,983
Cost of sales - Livestock	(5,159)	(6,301)	(12,789)
Cost of sales - Milk	(64,372)	(98,682)	(115,984)
Custom feed purchase	(1,639)	(1,595)	(1,536)
Employee benefits expense	(10,672)	(15,303)	(16,098)
Feed	(28,896)	(46,053)	(52,108)
Milk production	(9,289)	(9,462)	(14,346)
Depreciation expense	(705)	(1,043)	(1,521)
Fair value adjustment on milk	64,372	98,682	115,984
Gross profit	15,235	27,658	31,585
Other income	81	326	258
Fair value gain on biological assets	7,586	10,872	14,294
Livestock raising costs	(8,814)	(14,411)	(13,913)
Profit / (loss) on future contracts	30	-	-
Profit / (loss) on sale of assets	52	(34)	(103)
Repairs and maintenance	(2,034)	(3,375)	(4,263)
Management fee	(1,200)	(1,225)	(1,475)
Other expense	(3,699)	(5,630)	(5,248)
Reported EBITDA	7,238	14,181	21,135
Depreciation	(4,075)	(4,921)	(7,223)
Amortisation	(329)	(431)	(308)
Reported EBIT	2,834	8,828	13,604
Finance income	67	28	3
Finance costs	(2,882)	(4,006)	(5,802)
Share of loss on investment	-	-	(72)
Report Net profit before tax	18	4,851	7,734
Tax expense	(4)	(1,423)	(2,320)
Profit for the year	14	3,427	5,413

Source: AFMH's annual reports

In relation to the above, we note the following:

- Revenue is first calculated on a gross basis and then subsequently adjusted for levies and freight costs. Revenue has grown at a CAGR of 22.6% over the last five years, primarily a function of growth in milk production alongside increasing herd sizes as well as acquisitions.
- At the end of each period the Company measures unharvested biological assets at their fair value less the cost to sell the inventory, whose variance is then recognised in the income statement. Biological assets in the case of AFMH refer to crops that remained in the ground, dairy cattle and embryos.

- Aside from cost of sales, AFMH's most significant cost outlay is focused on the production and purchasing of commodities for livestock feed. This expense is constituted by numerous other sub-items, namely water costs and leasing expenses, as well as the actual cost of the commodities when they are purchased externally. A significant proportion of AFMH's feed costs are produced internally.
- Management fee refers to the fee paid to an external management company.

4.5.2 Financial Position

The table below illustrates the Company's audited consolidated statements of financial position as at 30 June 2019, 30 June 2020 and 30 June 2021.

Consolidated statements of financial position A\$ '000	30-Jun-19 Audited	30-Jun-20 Audited	30-Jun-21 Audited
Assets			
Cash and cash equivalents	9,020	711	750
Trade and other receivables	7,310	10,918	13,310
Inventories	17,215	24,291	26,969
Biological assets	8,066	8,550	9,332
Income tax receivables	369	-	-
Other assets	1,952	4,483	3,269
Assets held for sale	1,300	1,740	1,575
Total current assets	45,232	50,693	55,205
Biological assets	41,501	49,623	58,758
Financial assets	-	225	153
Other assets	971	798	482
Property, plant and equipment	190,386	246,640	275,199
Intangible assets	50,574	61,888	61,843
Right-of-use assets	-	812	1,210
Total non-current assets	283,431	359,987	397,645
Total assets	328,663	410,680	452,850
Liabilities			
Trade and other payables	10,963	14,652	18,264
Lease liabilities	-	283	487
Interest-bearing loans and borrowings	129,800	9,552	12,102
Employee benefit liabilities	1,782	2,288	2,888
Total current liabilities	142,545	26,774	33,741
Lease liabilities	-	563	765
Interest-bearing loans and borrowings	14,749	167,176	194,429
Employee benefit liabilities	196	188	204
Deferred tax liabilities	2,029	3,439	5,759
Total non-current liabilities	16,974	171,366	201,157
Total liabilities	159,519	198,141	234,898
Net assets	169,144	212,539	217,952

Source: AFMH annual reports.

We note the following regarding the Company's financial position:

- The following provides an outline of the breakdown of biological assets held on AFMH's balance sheet at the end of each period:

Biological Assets A\$ '000	30-Jun-19 Audited	30-Jun-20 Audited	30-Jun-21 Audited
Current			
Crops	6,609	7,906	7,882
Livestock	882	82	105
Embryo	575	563	1,345
Total current biological assets	8,066	8,550	9,332
Non-Current			
Livestock	41,501	49,623	58,758
Total non-current biological assets	41,501	49,623	58,758
Total biological assets	49,568	58,173	68,090

Source: AFMH annual reports.

Change in livestock was up c. A\$9.9m on the prior corresponding period, of which c. A\$9.1m related to the herd and the balance reflecting growth in embryos, both held in storage and implanted. The increase is reflective of an increase in the cow cohort (lactating milk cows, dry cows, close-up heifers) and growth in the donor population held at higher book values.

- The financial assets represent the equity investment in 33.3% of WAVE Ag Tech Pty Ltd. This business was established in September 2019 to be a producer and provider of embryos for the Company.
- Assets held for sale relates to certain plant and equipment that has been designated for resale by the Company, with the intention being that these assets will be sold within 12 months of the reporting date.
- Intangible assets are comprised of numerous line items, namely goodwill, water licenses, patent trademarks and other rights and other intangible assets. Historically, both goodwill and water licenses have accounted for the largest proportion of intangible assets and as at 30 June 2021, amounted to A\$25.9 million and A\$35.7 million respectively. AFMH's water licenses have an indefinite useful life, and they are held at cost on the balance sheet.
- The largest proportion of property, plant and equipment is attributable to land and buildings, amounting to c. A\$150.9 million or c. 54.7% as at 30 June 2021. This land, which is made up of Moxey Farms, Coomboona Farms and the Torrumbarry Aggregation are all held at cost on the balance sheet. Construction in progress and other general plant and equipment constituted to the remaining value at c. A\$53.5 million and A\$70.8 million respectively.
- Other assets refer to prepayments, borrowing costs, temporary water on hand and other general tertiary assets.
- From the perspective of lease liabilities, the Company has lease contracts for farmland used in its operations. These typically have lease terms of up to five years. The Company also has certain leases of machinery with lease terms of up to 60 months.
- The following table illustrates AFMH's interest-bearing loans and borrowings at the end of each period:

Interest-bearing loans and borrowings	30-Jun-19	30-Jun-20	30-Jun-21
A\$ '000	Audited	Audited	Audited
Current			
Bank Loans	126,295	-	-
Equipment finance liabilities	3,765	5,281	6,548
Other debts	(259)	4,271	5,554
Total current interest-bearing loans and borrowings	129,800	9,552	12,102
Non-Current			
Bank loans	-	151,295	176,295
Equipment finance liabilities	15,894	17,015	19,145
Unexpired charges	(1,144)	(1,133)	(1,010)
Total non-current interest-bearing loans and borrowings	14,749	167,176	194,429
Total interest-bearing loans and borrowings	144,549	176,729	206,532

Source: AFMH annual reports.

As at 30 June 2020, the loan facility was subject to financial covenants for the debt service coverage ratio and the gearing ratio. AFMH was compliant with the gearing ratio, however it had breached the debt service coverage ratio. As a result, the total loan payable balance was recognised in current liabilities at the reporting date. As at 30 June 2021 however, the Group was compliant with all financial covenants in regard to the loan facility.

4.5.3 Cash Flow Statement

The table below illustrates the Company's audited consolidated statements of comprehensive income for the last three financial years.



Consolidated statements of cash flow	FY19	FY20	FY21
AS \$'000	Audited	Audited	Audited
Cash flows from operating activities			
Receipts from customers	76,438	114,873	142,165
Payments to suppliers and employees	(57,019)	(102,720)	(107,713)
Interest received	67	28	3
Interest paid	(2,882)	(4,006)	(5,802)
Income taxes refunded / (paid)	(141)	355	-
Net cash inflow from operating activities	16,461	8,530	28,653
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	52	402	1,092
Purchase of property, plant and equipment	(41,629)	(63,166)	(38,454)
Purchase of biological assets	(21,460)	(18,682)	(20,284)
Purchase of intangible assets	(818)	(11,360)	-
Purchase of financial assets	-	(225)	-
Acquisition of subsidiary	(42,676)	-	-
Net cash outflow from investing activities	(106,530)	(93,031)	(57,646)
Cash flow from financing activities			
Proceeds from the issue of shares	58,000	40,000	-
Payment for principal portion of lease liabilities	-	(365)	(463)
Proceeds from borrowings - net	44,430	31,993	28,184
Net cash (outflow)/inflow from financing activities	102,430	71,629	27,721
Net increase / (decrease) in cash and cash equivalents	12,362	(12,872)	(1,272)
Cash and cash equivalents at the beginning of the financial year	(4,012)	8,349	(4,523)
Cash and cash equivalents at year end	8,349	(4,523)	(5,795)

Source: AFMH's annual reports

We note the following in relation to AFMH's cash flow statements:

- Receipts from customers have steadily grown over the last three years alongside the business scaling both their business operations as well as increasing the production volume alongside contract growth. Notably however, growth in payments to suppliers and employees has stymied throughout FY21, predominately due to the fact that in FY20 operations were impacted by COVID-19 related factors that likely inflated expenses throughout the period.
- Net cash outflows used in investing activities fell throughout FY21 relative to the prior corresponding period, largely due to a reduction in capital expenditure on property, plant and equipment.
- Net cash flows from financing activities includes the capital raisings for the purchase of the Coomboona and Torrumbarry assets in FY19 and FY20 respectively. The recent Ladysmith Acquisition was also 100% equity funded via a capital raise completed in 2022, however Noumi did not participate.
- The Company has not distributed dividends to investors historically.

4.6 Share capital structure

As at the date of this report, AFMH has 217,497,955⁴⁰ AFMH Shares on issue, which includes the recently completed shares issuance to fund the Ladysmith Acquisition. The following table provides a breakdown of the shareholders and their respective ownership in AFMH:

AFMH Shareholding Breakdown		
% unless otherwise stated	No. of shares	Ownership
New Hope Group	84,998,201	39.08%
Leppington Pastoral Company	82,431,725	37.90%
Moxey Family	29,623,221	13.62%
Noumi	20,444,808	9.40%
Total	217,497,955	100.00%

Source: GTCF Calculations

⁴⁰ AFMH Annual Report 2021 adjusted for the Ladysmith Feedlot Acquisition

5 Valuation methodologies

5.1 Introduction

In assessing the Proposed Transaction, Grant Thornton Corporate Finance has considered the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

Noumi is seeking to sell their investment in AFMH to apply the proceeds as security against the Bank Guarantee Facility. In our assessment of the fair market value of AFMH, Grant Thornton Corporate Finance has relied on a number of valuation methodologies as outlined below:



- *DCF Method:* We have undertaken a valuation assessment of AFMH utilising the DCF Method. Grant Thornton Corporate Finance has built a valuation model ("GT Model") based on the cash flow projections prepared by AFMH Management. We believe the DCF Method is an appropriate valuation methodology due to the following:
 - AFMH has a long history of profitability which is expected to continue into the foreseeable future.
 - Capital expenditure requirements, which are key to the business operations, can be modelled in a robust way.
 - It allows for different sensitivities and assumptions to be modelled, including fluctuating farmgate milk prices and production levels.
 - The DCF Method is one of the most commonly used methodologies for valuing businesses in the agriculture and dairy industries.
- In addition to the DCF Method, we have also cross checked our valuation assessment using the following methodologies/approaches:
 - EBITDA Multiple and the P/NA Multiple method.
 - Market value of net assets.

6 Valuation assessment of AFMH

6.1 Internal Projections and GT Model

Management have provided Grant Thornton Corporate Finance with the Internal Projections which we have used as a base to build an overlay valuation model (GT Model) to calculate the post-tax free cash flows of the Company from 1 January 2022 to 30 June 2027. We note the following in relation to the Internal Projections:

- They were approved by the AFMH Board and they cover the discrete period between 1 January 2022 and 30 June 2027. The balance sheet as at 31 December 2021 is adopted as a starting point for modelling purposes.
- They were prepared to assist with the valuation assessment of AFMH undertaken by the Independent Valuer at the beginning of 2022. Accordingly, they reflect the financial and operational performance of the business before the Ladysmith Acquisition.

In accordance with the requirements of ASIC RG111, we have undertaken a critical analysis and review of the Internal Projections before integrating them into the GT Model. Specifically, we have completed the following procedures:

- Compared the future business expectations with the historical financial performance and analyse key movements.
- High-level comparison of certain operational KPIs included in the Internal Projections with those of the listed comparable companies.
- Key industry risks, growth prospects and general economic outlook.
- Conducted high-level checks, including limited procedures in relation to the mathematical accuracy.

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are reasonable and appropriate to be adopted for the purpose of our valuation, we have not disclosed them in our IER as they contain commercially sensitive information and they do not meet the requirements for the presentation of prospective financial information as set out in ASIC Regulatory Guide 170 *"Prospective Financial Information"*.

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing for similar businesses. We note that the assumptions are inherently subject to considerable uncertainty and there is significant scope for differences of opinion. It should be noted that the value of AFMH could vary materially based on changes to certain key assumptions.

6.2 Valuation assumptions

Since the Internal Projections were prepared, we have observed the following key changes/movements in the marketplace:

- Rapid growth in milk prices over the last three months with the opening milk prices for FY23 (released

on or around 1 June 2022) on average 27% higher than the opening milk prices for FY22.

- The RBA has increased the cash rate by 75 bps in May and June 2022 to attempt to curtail strong inflation. Headline inflation was 2.1% in the March quarter and 5.1% over the year and it is now expected to peak at around 6% in year-ended terms and to moderate to around the top of the 2% to 3% RBA target range by mid-2024.
- Supply chain pressures have persisted but so far consumer demand has remained strong. Employment has grown significantly and the unemployment rate is now 3.9%, which is the lowest rate in almost 50 years. This is expected to exacerbate wage inflation with capacity constraints in many sectors and a tight labour market.

As a result of the above, in the GT Model, we have updated the macro assumptions (mainly milk prices, inflation and interest rates) adopted in the Internal Projections. We have set out below a brief outline of the key assumptions in the Internal Projections and in the GT Model.

6.2.1 Revenue

AFMG has four distinct revenue streams, namely milk sales, cattle sales, commodities and the digester revenue. Milk sales (net of levies and freight) contributes in excess of 90% of the total revenues. As stated earlier, the Company has four key customers which comprise ASX-listed dairy processors and reputable dairy farming families and has entered into long-term contracts with these counterparties.

The pricing under each of these contracts is based on different terms and there are mechanisms in place to protect the price realised by AFMH subject to certain conditions. In estimating the milk price to be adopted for the purpose of our valuation assessment, we have considered the following:

- Opening milk prices announced by major Australian dairy processors pursuant to the Dairy Code of Conduct⁴¹ which are set out in the table below:

Price change between June 2021 and June 2022				
kgMS ³	Note	Opening milk price		% change
		1-Jun-21	1-Jun-22	
Bega	Note (2)	6.90	8.85	28.3%
Fonterra		6.55	8.25	26.0%
Saputo		6.65	8.50	27.8%
ACM	Note (1), (2)	7.00	8.70	24.3%
ADFC		7.00	8.80	25.7%
Bulla	Note (2)	6.65	8.80	32.3%
Burra Foods	Note (2)	6.60	8.40	27.3%
Coles		7.19	9.05	25.9%
Lactalis		6.95	8.73	25.6%
Average (excl. AFMH)		6.83	8.68	27.0%
Median (excl. AFMH)		6.90	8.73	26.0%

Source: ADPF, Dairynews Australia Website

Note (1): For 1 June 2021, this is based on the average price across various regions.

Note (2): ACM Prices as at 1 June 2021 do not include organic milk prices.

⁴¹ The Dairy Code of Conduct is an industry code that regulates the conduct of dairy farmers and buyers of raw milk from those farmers. Under this code, raw milk must only be bought from dairy farmers under a milk supply agreement that complies with the code.

Note (3): kgMS = Kilograms per Milk Solids

As observed above, there has been a large increase in milk prices between 1 June 2021 and 1 June 2022. Whilst some of this uplift was captured in the Internal Projections, milk prices have increased by at least 15%/20%⁴² between December 2021 and June 2022. We have held discussions with Noumi and AFMH Management Teams and understand that the outlook for dairy prices remains robust.

In addition to the above, we have also considered the historical and forecast farmgate milk prices published by ABARES⁴³. The farmgate milk prices compiled by ABARES is an average of farmgate prices across Australia. Since 2000 when the dairy industry was deregulated, milk prices, whilst cyclical, have mostly traded upwards. Typically, milk prices are dependent on a number of factors such as butterfat content, protein content, the type of protein and others. Further, like other agricultural produce, there are challenges with obtaining consistency (in case of milk, the protein, butterfat content, type of protein) which may also result in fluctuations to the average farmgate prices. Relative to this, AFMH, through its genetics program and dairy practices, is able to extract milk that is of a superior quality on a consistent basis. As such, the pricing of AFMH milk is at a substantial premium to the data published by ABARES. As the genetics program and other initiatives in the business continue to progress, we expect this premium to remain stable or increase as milk output becomes more predictable in terms of quality and quantity, allowing AFMH to extract higher prices. Unless stated otherwise, all ABARES data presented in this section is after allowing for this premium between ABARES and AFMH pricing⁴⁴.

The graph below presents the historical and forecast ABARES milk prices expressed in nominal 2027 terms⁴⁵ plus the AFMH milk premium to assist in our calculation of the milk prices in the terminal year.

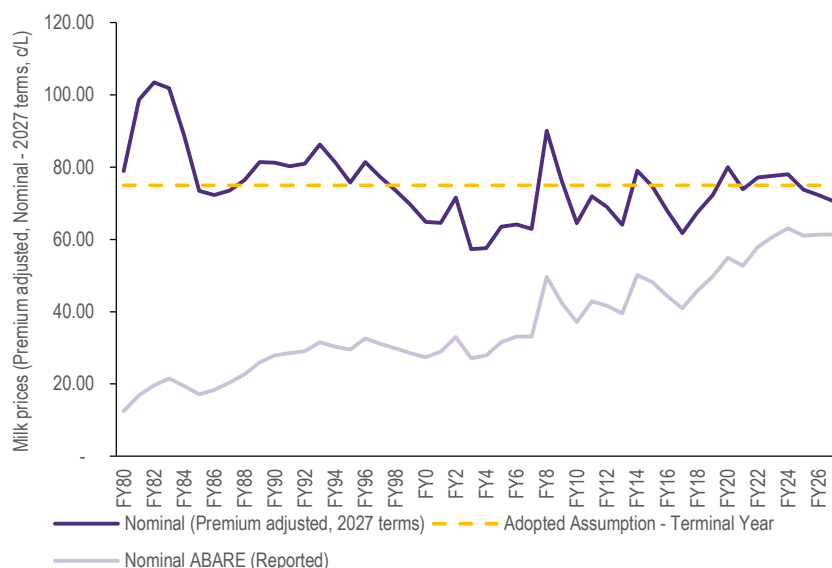
⁴² Commodity Milk Value price data, Milk Value Portal. This has also been corroborated based on discussions with Noumi.

⁴³ ABARES Agricultural Outlook March 2022

⁴⁴ The Premium has been calculated as the difference between AFMH prices between FY21 to FY23 and the ABARES farmgate prices during the same period.

⁴⁵ Using historical and forecast data published by the RBA, the inflation curve has been developed. This inflation curve has been used to inflate historical prices to express them in 2027 terms.

ABARES historical and forecast milk prices (Reported, nominal, 2027 terms⁴⁶) and GT Long-term assumption



Source: ABARES, ABS, GTCF analysis

Note (1): The ABARES price curve included above has been adjusted for a premium between ABARES and AFMH's pricing having regard to the pricing differential from FY21 to FY23.

It should be noted that the data published by ABARES is in relation to farmgate milk prices whilst the ADPF⁴⁷ data estimated is delivered milk prices. Further, in spite of the Dairy Code of Conduct being in place, there are differences between the prices that are publicly available. As such the information can only be used as a guide.

Based on the above analysis, we have adopted a higher FY23 milk prices in the GT Model compared with the Internal Projections and then assumed that the prices will increase from this new base in line with the growth rate in the Internal Projections. Whilst the prices assumed in the GT Model may not necessarily be capable of being realised immediately by AFMH given the current contracts in place, the impact of these timing differences in the valuation assessment is expected to be immaterial. Further, AFMH milk supply contracts include minimum guaranteed prices and bonus incentive schemes which may allow AFMH to recoup some of the recent price increases.

6.2.2 Operating costs and Reported EBITDA margin

The largest operating cost is feed cost, however AFMH cultivates its own crop which provides greater ability to control feed costs in an environment of rising inflation and costs of doing business. Other large items of expenditure are dairy and vet supplies and wages. The dairy and vet supplies are largely variable and dependent on the size of the herd. As part of its internal operations, the Company actively monitors the number of cows in its herd to ensure it can continue meeting its contractual obligations. The Company owns and operates a digester which is used to generate power, helping the Company realise savings in power costs. The digester is also used for the creation and sale of Large Generation Certificates⁴⁸ ("LGCs") which provide an additional source of revenue, although not material. All other items of cost are

⁴⁶ Using historical and forecast data, the inflation curve has been developed. This inflation curve has been used to inflate historical prices.

⁴⁷ Australian Dairy Products Federation

⁴⁸ Large Generation Certificates can be created by generating electricity per megawatt hour (MWh) of electricity generated from renewable energy sources. These LGCs are sold to electricity retailers that are required to purchase and surrender LGCs to the Clean Energy Regulator each year in fulfilment of their obligations under the Renewable Energy (Electricity) Act 2000.

largely fixed. In the GT Model, we have increased the cost structures more in line with the near-term forecasts for inflation released by the RBA.

As part of our procedures, we have benchmarked the EBITDA margin in the GT Model with the EBITDA margin for the listed comparable companies. Whilst the level of comparability is somewhat limited as discussed in detail in section 7.2, the benchmark is still useful to support the underlying assumptions. The EBITDA margins of AFMH included in the Internal Projections and in the GT Model are at the high-end of the observed EBITDA margin of the listed peers. This positioning is achieved thanks to the benefits of the large capital expenditure program incurred by the business in the last few years, strong integrated operations, the genetics program reaching a steady state over the discrete forecast period and Management's ability to control costs. As a result, we are of the opinion that the EBITDA margins included in the Internal Projections and GT Model are reasonable.

Reported EBITDA margin (%)	Historical				Forecast		
%	FY19	FY20	FY21	FY22 ¹	FY23	FY24	FY25
Fontterra Co-operative Group Limited	7%	6%	6%	NA	NA	NA	NA
Synlait Milk Limited	15%	13%	2%	7%	10%	11%	9%
TasFoods Limited	NM	NM	NM	NM	2%	5%	9%
The a2 Milk Company Limited	32%	32%	11%	13%	15%	16%	17%
Bega Cheese Limited	6%	5%	6%	6%	7%	8%	8%
Inghams Group Limited	8%	7%	9%	14%	15%	16%	NA
Australian Agricultural Company Limited	NM	NM	NM	NM	18%	15%	15%
Ridley Corporation Limited	NM	NM	NM	NM	NM	NM	2%
Select Harvests Limited	5%	5%	6%	8%	8%	9%	9%
Costa Group Holdings Limited	33%	34%	25%	23%	28%	42%	36%

Source: S&P Global

Note (1): Reported EBITDA margin includes fair value adjustments. We note that not all the comparable companies have biological assets on their balance sheet. We have used the Reported EBITDA margin to make a meaningful comparison across all companies. Given the comparable companies have different year ends, FY22 can be historical or forecast margins.

6.2.3 Other assumptions

- **Tax rate:** As the business reaches steady state in the outer year of the forecast and the herd levels are maintained, the Company is expected to pay tax at the corporate tax rate of 30%.
- **Working capital:** In FY23, the working capital investment is high as a result of accumulation of the harvest due to favourable weather conditions and record yields. This also provides a hedge against rising feed costs by reducing the Company's reliance on external suppliers. The Debtor days are in accordance with the contracted terms. No significant changes are expected in the supplier days.
- **Other assets and liabilities:** Other than AFMH's investment in WAVE AG Tech, we have not considered any other assets or liabilities as being surplus and hence all assets and liabilities (other than WAVE AG Tech) are considered in the GT Model.
- **Terminal value:** In our terminal value assessment, we have adopted a normalised milk price assumption of 75 cents per litre having regard to the ABARES forecast and the related historical premium of AFMH milk, the current dairy environment and the near-term outlook for the industry. We have also normalised the milk volumes to take into account the return from the genetic program in the outer years of the discrete period as these benefits are expected to be realised in full after FY27. Following this adjustment, we have assumed flat volumes. Operating costs have been maintained in line with the discrete period and tax is calculated at 30% on EBIT under a steady state scenario. Maintenance capital expenditure has been estimated between A\$12 million and A\$15 million. In our valuation assessment, we have considered a terminal growth rate of 2.5% in line with long term

inflation.

- **Discount rate:** We have adopted a WACC between 7.0% and 7.8% which is assessed using the Capital Asset Pricing Model (refer to Appendix D for details). We have set out below a high-level benchmarking of the discount rate in recent transactions involving various agriculture businesses.

Discount rate benchmarking		
% unless stated otherwise	Date of IER / Annual Report period	Post-tax discount rate
Webster IER	Dec-19	10% - 11%
Huon IER	Sep-21	8.9% - 9.5%
Costa	FY21 Annual Report	7.7%
Select Harvests	FY21 Annual Report	7.8%
Assessed Discount rate		7.0% to 7.8%

Source: Independent Expert's Reports, Company Annual Reports

6.2.4 Net debt

The following is the net debt as at 31 December 2021 which we have adopted for the purpose of our valuation assessment.

Pro forma Net Debt as at 31 December 21	Section	
A\$ '000	Reference	
Bank Borrowings		215,333
Less: Cash balance		(1,074)
Net Debt of AFMH as at 31 December 2021		214,260

Source: Management information

6.2.5 Ladysmith Acquisition

The sale of the Ladysmith Feedlot occurred via a formal process with the assistance of sales agents and it was publicly advertised. AFMH undertook an extensive due diligence process with the assistance of specialised third parties before entering into the agreement. The sale was first announced in October 2021 and the transaction completed in April 2022 and accordingly it is not unreasonable to assume that all potential interested parties would have had the opportunity to investigate this potential transaction. As a result, we are of the opinion that the price paid by AFMH for the Ladysmith Acquisition is representative of fair market value and hence we have included it into our assessment of AFMH. We understand that over time, AFMH may incur capital expenditure at this site to fully integrate into its existing operations and pursue growth opportunities. As a result synergies and cost savings are likely to be realised, however it is not unreasonable to assume that these benefits, to some extent, are already captured in the fair market value.

The Ladysmith Acquisition, including transaction costs, was fully funded by AFMH with the raise of new equity which we have also reflected in the number of shares on issued adopted in our valuation assessment.

6.2.6 Valuation of Noumi Interest after the application of marketability/minority discount

Based on the nature of the DCF approach, our valuation of AFMH includes a premium for control and it is on a 100% marketable basis, however Noumi is only selling a 9.40% interest in AFMH. The lack of

marketability is often the largest dollar discount factor in the valuation of a business, especially if the subject of the valuation is a minority interest. Restricted stock and pre-IPO studies have shown discounts for lack of marketability/minority in the range of 20% to 56% as set out below:

Discount for lack of marketability			
Study	Source	Years	Discount
Restricted stock studies			
Alex W Howard	Valuation issues in estate planning - study	2003	21% - 25%
Aswath Damodaran	Illiquidity in the market	2003 - 2005	25% - 35%
Michael A Paschall	Bannister Financial Inc. - Newsletter	2004	26% - 36%
Russel T Glazer	The CPA Journal	2000 - 2005	30% - 35%
Phil Williams & John Lindner	FFECT Winter Journal	1997 - 2002	25% - 40%
Pre-IPO Studies			
Shannon Pratt	Pratt	2000 - 2003	37.5% - 56.4%
Michael Paschall	Bannister Financial Inc - Newsletter	1980 - 2006	46%
Russel T Glazer	The CPA Journal	2000 - 2005	45%
Phil Williams & John Linder	FFECT Winter Journal	1997 - 2002	35%

Source: GTCF analysis

For the reasons outlined in the executive summary, we have adopted a discount between 10% and 20%. We have set out below our overall valuation and fairness assessment of the Noumi Interest.

DCF Method - valuation summary	Section		
A\$ '000 (except where stated otherwise)	Reference	Low	High
Enterprise value of AFMH on a control basis post Ladysmith Acquisition incl. surplus assets	Note 4	532,853	619,853
Less: Pro-forma Net debt as at 31 December 2021 (pre AASB 16, post-acquisition basis)	Note 3	(214,260)	(214,260)
Equity Value of AFMH on a (control basis)		318,594	405,594
Less: Discount for lack of marketability and control	Note 2	(31,859)	(81,119)
Equity Value of AFMH on a (minority basis)		286,734	324,475
Total number of shares outstanding (post-money, fully diluted basis)	Note 1	217,498	217,498
Value per share of AFMH		1.32	1.49
Number of shares held by Noumi in AFMH		20,449	20,449
Fair market value of Noumi's Interest (A\$000s)		26,959	30,507

Source: GTCF Calculations

Note (1): The number of shares outstanding takes into account the shares issued in connection with the Ladysmith Acquisition

Note (2): We have applied a discount for lack of marketability and control between 10% and 20%.

Note (3): The net debt position is as at 31 December 2021.

Note (4): The enterprise value includes the balance sheet value of AFMH's investment in WAVE.

RG 111 notes that a related party transaction is "fair", when the value of the financial benefit being offered by the entity to the related party (i.e. the Noumi Interest) is equal to or less than the value of the consideration being provided to the entity (Offer Price).

It should be noted that the equity value of AFMH (on a minority) basis could vary materially based on changes to certain key assumptions. Accordingly, we have undertaken certain sensitivity analyses below to highlight the impact on the value of AFMH under the DCF Method caused by movements in certain key assumptions. The following table summarises our results.

Sensitivity analysis	Section		
A\$ per share	Reference	Low	High
GT assessed value		1.32	1.49
Discount rate			
+0.5%		1.14	1.28
-0.5%		1.54	1.76
Terminal growth rate			
+0.5%		1.47	1.69
-0.5%		1.20	1.34
Milk Prices			
+5%		1.74	1.93
-5.00%		0.90	1.06
Operating Costs			
+5%		1.02	1.18
-5%		1.62	1.81
Capital Expenditure			
+5%		1.28	1.45
-5%		1.36	1.53
Discount for lack of marketability and control			
10%		1.32	1.68
20%		1.17	1.49
30%		1.03	1.31
40%		0.88	1.12

Source: GTCF Calculations

These sensitivities do not represent a range of potential value per share of AFMH but they intend to show Non-Associated Shareholders the sensitivity of our valuation assessment to changes in certain variables.

7 Valuation cross-check

7.1 Marked-to-market balance sheet

A net assets valuation approach is usually appropriate for capital intensive businesses where the value lies in the underlying assets and land footprint which usually provide a competitive advantage difficult to replicate. This approach is less weighted towards the future potential of the business and future growth opportunities, but it relies more on the investments incurred up to the valuation date with no/limited value attributed to internally generated intangible assets. This valuation approach is not uncommon in the agriculture sector and businesses are often transacted with reference to the market value of the balance sheet.

RG 111 and RG 112 contemplates the appointment of appropriate specialist to assist the independent expert in the valuation of any assets where the independent expert does not have sufficient expertise. The nature of AFMH's assets would normally require the appointment of technical agriculture expert, however this is not feasible for the purpose of the IER given that the commissioning party of the IER (Noumi) is not the holder of the underlying assets (AFMH). Nonetheless, Grant Thornton Corporate Finance has been able to undertake a high-level assessment of the market value of net assets based on publicly available information and discussions with AFMH Management. However, the derived value range should be considered a high-level test to verify that the fair market value on a 100% basis under the DCF has not underestimated the value of AFMH assets.

As part of our procedures to assess the marked-to-market adjustments ("Balance Sheet Adjustments") Grant Thornton has considered the following:

- We have held discussions with Management of AFMH in relation to their opinion on the market value of the underlying assets. As a growing business with a history of acquisitions since its inception, AFMH Management is aware of ongoing market prices and trends.
- We have also considered the market commentary in annual reports of the comparable companies, independent consulting organisations and data published by government agencies such as ABARES and ABS.

We have discussed the Balance Sheet Adjustments below:

- *Livestock:* Livestock is currently included as part of the total current assets. The Company has a policy of fair valuing livestock at 30 June each year. However, in connection with the Independent Valuation required for the Capital Raising, Management engaged a third party valuer to assess the herd as at August 2021. This valuation takes into account various levels of premium for the quality of the current herd, including the next generation cattle. Livestock have been assessed by applying premiums for the overall quality of the herd and improving genetics from the next generation cows. We have held discussions with Management of AFMH and understand that whilst cattle prices remain robust, the valuation as at August 2021 is reflective of the fair market value as at 31 December 2021. For the purpose of our valuation assessment, we have applied a premium to the livestock prices between 5% and 10% to take into account the improved market conditions between December 2021 and the date of this report. According to ABARES Agricultural Outlook June 2022, the strong outlook for cattle prices is expected to continue over the short-term. Further, according to the data provided

by Meat and Livestocks Australia, cattle prices have increased by at least 100% between 2015 to 2022, implying a CAGR between 8% to 12% across the various categories⁴⁹.

- *Land:* According to the Australian Farm Land Values Report 2021, the local government areas wherein AFMH's farms are located have witnessed compound annual growth rates ("CAGRs") between 6% and 12% when measured over 5-years, 10-years or 20-years. We have applied these growth rates to the cost of the land wherein the growth is compounded for the period the site has been held by AFMH. In respect of Coomboona and Torrumbarry, we have also considered the y-o-y movement in the median prices of the areas in which they are based to determine the likely fair market value of these assets as at 30 June 2022. In our high-level observations and in the absence of specific information, we have allocated the book value of the land as at 30 June 2021 based on the hectares of land at each of the three farms and we have taken into account that the Coomboona Farm acquisition price may have reflected an element of financial distress as it was purchased from the Administrators.
- *Structures:* The structures include the property, plant and equipment and other agricultural infrastructure in place. Unlike land, these assets are held at cost less accumulated depreciation which is based on the useful life of the infrastructure. It is not feasible to estimate the market value of the structures in place without detailed site inspections from a specialised valuer and accordingly we have adopted the balance sheet value as a reasonable proxy for fair market value based on the residual life.
- *Water Rights:* They are held at costs on the balance sheet as at 30 June 2021. We have been provided with the total volume of the water rights across the three farms which we have used to allocate the cost base among them. To estimate the likely uplift in the value, we have considered the changes to the Aither Entitlement Index⁵⁰ over varying periods which suggests an annual growth rate between 6% and 8%. We have applied these growth rates to the allocated value of the water rights based on the volume of water held at each of the farms. This can only be considered as a high-level cross-check as this method does not take into account the type of water rights (temporary, permanent entitlements, high reliability, low reliability etc.). Acknowledging the shortcomings of the calculation, we have also reviewed Management's workings and the pricing assumptions adopted by Management in these calculations. We have corroborated Management's pricing assumptions at a high-level based on the pricing included in the NSW and VIC Water Registers.
- *Other assets and liabilities* – All other assets and liabilities are considered to be representative of fair value as at the valuation date.
- *FY22 Retained earnings* – In order to estimate the mark to market of net assets as at 30 June 2022, we have also included an allowance for the expected retained earnings for FY22.
- *Ladysmith:* Given our DCF valuation is on a post Ladysmith Acquisition basis, we have added the Ladysmith Acquisition purchase price to our assessment.

⁴⁹ Acknowledging the difference between cattle prices and dairy cows, typically, it would be reasonable to expect both assets to move in the same direction. Any significant movements in one of these relative to the other would create a value shift between dairy and beef industry returns.

⁵⁰ The Aither Entitlement Index tracks the performance (capital value) of a group of major water entitlements across the southern Murray Darling Basin ("MDB"). Whilst Coomboona water rights are part of the Goulburn allocation, more than 75% of the water rights are part of the MDB and hence we have used the Aither Entitlement Index as a proxy to support the growth in the water rights price.

We have summarised in the table below our high level and indicative assessment of the market value of the balance sheet.

High-level marked-to-market balance sheet A\$'000 unless stated otherwise	Section Reference	Low	High
Reported Net assets as at 30 June 2021	Section 4	217,952	217,952
Balance Sheet Adjustments plus Ladysmith Feedlot Acquisition		68,979	101,922
High-level adjusted Net assets as at 30 June 2022 (on a control basis)		286,931	319,874

Source: GTCF Calculations

The high-level assessment of the adjusted net assets as at 30 June 2022 represent the value of the Company on a 100% basis and it is comparable to the fair market value of the equity on a control basis under the DCF approach in section 6.2.6 (i.e. before the application of the minority and marketability discount). Our assessment of the equity value on a control basis under the DCF is at a premium between 11.0% and 26.8%. In our opinion, given the history of profitability, the scale of the business, the unique land holding and quality of AFMH's infrastructure, this is not unreasonable.

7.2 EBITDA Multiple Method & Price-to-Net tangible assets ("P/NTA") Multiple Method

In order to provide a cross-check to our valuation conclusions under the DCF methodology, we have also considered the EBITDA Multiples and P/NTA Multiples of comparable listed companies and recent transactions involving dairy and farmgate businesses. We have set out in the table below the historical FY21, FY22 (Grant Thornton's estimate and working) and forecast FY23 EBITDA (Grant Thornton's estimate and working) Multiples and 30 June 2021 P/NTA Multiple implied in our valuation assessment of AFMH based on the DCF Method.

The EBITDA Multiples and P/NTA Multiples implied in our DCF valuation are set out below.

GTCF Implied EBITDA Multiple A\$ '000	Section Reference	Low	High
Enterprise value (control basis)		515,153	602,153
Equity value (control basis)		300,893	387,893
EBITDA Multiple			
Reported EBITDA			
Historical FY21 Reported EBITDA	7.2	22,911	22,911
GT Assessed FY22 EBITDA	7.2	28,000	30,000
GT Assessed FY23 EBITDA	7.2	36,000	39,000
Implied EV / Reported EBITDA			
Implied FY21 EV / EBITDA		22.5x	26.3x
GT Assessed FY22 EV / EBITDA		18.4x	20.1x
GT Assessed FY23 EV / EBITDA		14.3x	15.4x
P/NTA Multiple			
Reported Net Tangible Assets		191,733	191,733
P/NTA Multiple		1.6x	2.0x

Source: GTCF Calculations

Note (1): Enterprise value is calculated on a control basis; Note (2) The Enterprise value and equity value do not include the Ladysmith Feedlot Acquisition as the impact of the Ladysmith Feedlot Acquisition is not captured in the EBITDA or the value on the balance sheet;

We note that the comparable companies report their performance on a post-AASB 16 basis. Given AFMH owns the majority of its infrastructure, AFMH's EBITDA on a post-AASB 16 basis is not dissimilar to its EBITDA on a pre-AASB 16 basis and the right of use liabilities were only c. A\$1.2 million as at 30 June

2021. We have therefore not made any adjustment to our assessment of the enterprise value of AFMH which is on a pre-AASB 16 basis and as such consider it appropriate to compare post-AASB 16 multiples of the comparable companies.

7.2.1 EBITDA for the purpose of our valuation assessment

In the table below, we have presented AFMH's historical EBITDA performance.

Historical Financials	FY19	FY20	FY21	FY22	FY23
A\$ '000	Audited	Audited	Audited	GT Assessed	
Total Revenue	71,595	107,415	129,983		
Total Expenses	63,652	92,191	107,328		
Reported EBITDA	7,942	15,223	22,656		
GT Assessed Forecast EBITDA (Rounded)				28,000 - 30,000	36,000 - 39,000
KPIs					
Revenue growth	34.3%	50.0%	21.0%	25% to 30%	25% to 30%
EBITDA growth	-2.8%	91.7%	48.8%		
3-year CAGR			22.9%		
4-year CAGR			26.3%		
5-year CAGR			40.5%		
Reported EBITDA margins	11.1%	14.2%	17.4%		

Source: AFMH Financial Statements

Given the ongoing capital expenditure program and other initiatives across the business, we are of the opinion that FY22 and FY23 EBITDA Multiples would be more appropriate to value AFMH as they take into account the near-term increase in the EBITDA from the capital expenditure program and the integration of the recent acquisitions. However, FY22 and FY23 EBITDAs are not currently publicly available. We are of the opinion that an increase in line with historical CAGR compared with FY21 EBITDA is not unreasonable taking into account the following:

- YTD financial performance up to 31 December 2021, even if we have not disclosed in the IER due to confidentiality reasons.
- Market conditions in the second half of FY22 are expected to be more favourable due to the current buoyant farmgate milk prices, supply disruption and export markets gradually re-opening following two years of restricted mobility due to COVID-19.
- Since the acquisition of the Coomboona assets in 2019 and Torrumbarry assets in 2020, AFMH's reported EBITDA margins have steadily increased year on year as the scale of the business is expanded and synergies and cost savings are crystallised. AFMH has also been investing in its genetics program which has de-risked operations by increasing predictability of the milk output.
- Since inception, the Company has been undertaking a degree of corporate activity which has resulted in a number of one-off costs which are not expected to reoccur in the short term.

Based on the above, for the purpose of calculating the theoretical implied FY22 and FY23 EBITDA multiples, Grant Thornton has estimated the FY22 EBITDA between A\$28 million and A\$30 million and the FY23 EBITDA between A\$36 million and A\$39 million.

7.2.2 EBITDA & P/NTA Multiple

7.2.2.1 Comparable company multiples

In selecting and analysing AFMH's listed comparable companies, we have considered companies in the ANZ region that operate within the wider dairy and farm production industries due to the similar economic, geopolitical, and regulatory environments.

- **Dairy Peers** – We have mainly relied on Australian and New Zealand listed companies that operate within the dairy value chain due to the likeminded business drivers, similar infrastructure, sales channels and target markets.
- **Farmgate Peers** – They consists of Australian listed farm production companies that produces agricultural goods such as poultry, cattle, nuts, fruit and vegetables.

The EV/EBITDA and P/NTA multiples for the comparable companies are set out in the table below.

Comparable companies		Market	Enterprise	EV / EBITDA Multiple (times)			
		Cap	Value	LTM	FY22	FY23	LTM
Company	Year-end	A\$m	A\$m	H ¹	H / F ¹	F ¹	P/NTA
Dairy Peers							
Fonterra Co-operative Group Limited	31-Jul	3,641	8,790	7.1x	NA	NA	1.0x
Synlait Milk Ltd	31-Jul	666	1,051	11.7x	8.7x	6.6x	1.2x
The a2 Milk Company Limited	31-Dec	3,149	2,945	15.4x	15.7x	12.5x	3.8x
Bega Cheese Limited	31-Dec	1,495	1,847	12.2x	10.2x	8.1x	2.1x
Average - Dairy Peers				11.6x	11.5x	9.1x	2.0x
Median - Dairy Peers				12.0x	10.2x	8.1x	1.7x
Farmgate Peers							
Inghams Group Limited	31-Dec	1,030	2,726	6.2x	7.1x	6.2x	5.9x
Australian Agricultural Company Ltd	31-Mar	1,025	1,647	7.2x	7.2x	NA	0.9x
Select Harvests Ltd	30-Sep	744	1,061	17.4x	22.4x	15.4x	1.6x
Costa Group Holdings Ltd	31-Dec	1,389	2,387	15.5x	8.6x	7.9x	2.8x
Average - Farmgate Peers				11.6x	11.3x	9.8x	2.8x
Median - Farmgate Peers				11.3x	7.9x	7.9x	2.2x
Average - Total				11.6x	11.4x	9.4x	2.4x
Median - Total				12.0x	8.7x	8.0x	1.9x
Low - Total				6.2x	7.1x	6.2x	0.9x
High - Total				17.4x	22.4x	15.4x	5.9x

Source: S&P Global and GTCF analysis

Note (1): H = Historical, F = Forecast; Note (2): Enterprise value was calculated on a post AASB-16 basis; Note (3): All values were calculated as at 3 June 2022 and are presented on a minority basis; Note (4): Average and median calculations exclude values that are negative; (5) The EBITDA used for the comparable companies is the Operating EBITDA.

A brief description of the companies listed in the table above is set out in Appendix B. We note the following in relation to the comparable companies. The multiples of listed peers reflect the value of the underlying companies on a minority basis and do not include a premium for control.

In relation to the table above, we note the following:

- AFMH is a unique farmgate dairy business that has a strong history of profitability and scale. With agricultural land shrinking and returns in the dairy industry remaining low, there are no listed peers

that are of a size similar to AFMH. The Company therefore represents a unique platform and is attractive to a pool of potential purchasers.

- As part of the dairy value chain, we have considered dairy processing companies. Similar to dairy processors, AFMH will be impacted by trends in the dairy industry. However, unlike Dairy Peers, AFMH is not required to continuously invest on its brands and other intangibles. In the current environment of rising input costs, including milk prices, AFMH will be better placed to pass on price increases to its customers compared with dairy processing and distribution businesses.
- A more relevant set of companies that we have also considered are farmgate businesses. The Farmgate Peers performance can vary depending on market conditions and climatic conditions which can impact yields and therefore profitability. Given these challenges, farmgate peers such as Select Harvests and Costa Holdings operate a portfolio of produce and other assets (such as water rights) which mitigate this risk via diversification. Whilst AFMH does not have multiple products, it focuses on developing superior infrastructure and undertaking initiatives such as the genetics program to reduce the variability of their output.
- The EBITDA multiples of these companies are impacted by a number of factors such as inherent product profitability, cost of inputs, the scale of the business, the availability of infrastructure and initiatives implemented by the companies to increase the predictability of the output.
- The P/NTA multiples is impacted by the internally generated intangibles, profitability, type of produce and number of brands and number of products. AFMH is primarily a wholesale supplier of high-quality milk and therefore any comparison of P/NTA multiples with the listed peers needs to be done with caution.

More specifically, we make the following observations:

- Fonterra is a large co-operative that has a market share of c. 80%⁵¹. Its product mix is comprised of value-added dairy products unlike AFMH which purely focuses on farmgate milk. Further, Fonterra's performance is impacted by the export markets whereas AFMH supplies mainly to domestic dairy processors (who in turn manufacture value-added products for the export markets). Fonterra's co-operative structure and voting rights attached to shares trading on the NZX may create discrepancies with the underlying fair market value.
- Bega, Synlait and a2 milk are dairy processors that focus on value-added products. Further, these companies are exposed to export markets where there are challenges due to supply chain pressures. Amongst these, a2 Milk has a higher trading multiple due to its portfolio of well-known and trusted high margin B2C products and its historical success in penetrating and growing the Chinese market. Whilst these businesses are not highly comparable to AFMH, parallels can be drawn between a2 Milk's market position and product quality and AFMH's market position and product quality. Amongst these companies, a2 Milk's P/NTA multiple is significantly higher due to its higher profitability, brand recognition in domestic and export markets and superior products. Relative to a2 Milk, Bega and Synlait have a relatively lower level of intangibles which translates into a lower P/NTA multiple.
- Whilst AFMH and Inghams both supply staple products, AFMH primarily operates in the wholesale channel whereas Inghams operates across both the retail and wholesale. AFMH's milk is input to manufacture other value-added products and so long as the dairy processors can pass on the costs

⁵¹ Fonterra Website

to the end consumers, AFMH can be a price-maker in its respective market. Relative to AFMH, Inghams is a price-taker as it primarily operates in the retail market. This is evident from the EBITDA margins, which all else equal possibly explains Inghams low multiple. Unlike AFMH, Inghams has a large retail presence with consumer facing brands across various sectors such as traditional retail (supermarkets), Quick Service Restaurants⁵² and food service sectors which contributes to its high P/NTA multiple.

- Select Harvests and Costa Holdings are land rich businesses that are engaged in horticulture and agriculture activities. These companies also own the associated infrastructure required for processing the produce. Costa Holdings cultivates a portfolio of agricultural commodities with the aim of producing year-round commodities. In terms of growth initiatives, the company has obtained exclusive rights to citrus varieties which are expected to provide an uplift to the profitability over the near-term. Further, similar to AFMH, Costa also has a genetics program to improve the output of its produce. In spite of being vertically integrated in a manner similar to AFMH, Costa generates lower margins than AFMH. Unlike AFMH, Costa has a strong retail presence, has multiple brands, exclusive products (blueberries) which may explain the high P/NTA multiple.

Select Harvests is primarily engaged in the cultivation and processing of almonds. Select Harvests owns a portfolio of water rights which provides natural hedge against any adverse impacts of climatic conditions. Similar to AFMH's digester, Select Harvests is undertaking three co-waste projects to generate energy, compost, fertiliser from almond hull and other items of waste generated in the processing of almonds. Further, Select Harvests profitability can be considered comparable to AFMH. On 30 September 2021, Select Harvests sold its Consumer Brands business. Given it has exited this business together with its comparable profitability, it suggests that the P/NTA multiple can be considered comparable to AFMH.

7.2.2.2 Transaction multiples

We have also set out below the implied EBITDA transaction multiples observed in recent transactions within the similar Dairy Peers and Farmgate peers. We have not included the P/NTA of the transactions as the majority of them are asset acquisitions and there is not enough information to reliably estimate the multiple.

⁵² Whilst Inghams brand is not prominently displayed at QSRs, these partnerships are advertised on the Ingham's website which add to recognition and therefore the P/NTA multiple.

Date	Target Company	Country	Bidder Company	Stake (%)	Deal Value (A\$m)	EBITDA Multiple (Times)
Dairy Value Chain Companies						
May-21	Van Dairy Group (11 dairy farms)	Australia	Prime Value Asset Management Ltd	100%	62.5	NA
Nov-20	Lion-Dairy & Drinks Pty Ltd	Australia	Bega Cheese Ltd	100%	534	12.4x
Jun-20	Beston Global Food Company Ltd (4 Dairy Farms)	Australia	Aurora Dairies Pty Ltd	100%	40	NA
Sep-19	Bellamy's Australia Ltd	Australia	China Mengniu Dairy Company Ltd	97%	1,426	29.6x
Mar-19	Westland Co-operative Dairy Company Ltd	New Zealand	HongKong Jingang Trade Holding Company Ltd	100%	482	14.3x
Jul-18	Koroit dairy processing facility of Saputo Dairy Australia Pty Ltd.	Australia	Bega Cheese Ltd	100%	250	9.1x
Jun-18	St David Dairy Pty Ltd	Australia	Longtable Group Ltd (nka:Maggie Beer Holdings Ltd)	100%	15	11.4x
Nov-17	Paris Creek Farms Pty Ltd.	Australia	Primary Opinion Ltd (nka:Maggie Beer Holdings Ltd)	100%	34	17.9x
Oct-17	Murray Goulburn Co-Operative Co. Ltd	Australia	Saputo Dairy Australia Pty Ltd.	100%	1,783	13.6x
Oct-17	Udder Delights Australia Pty Ltd	Australia	Snow Brand Australia Pty Ltd; MEGMILK SNOW BRAND Co.,Ltd.	90%	16	12.0x
Jan-17	Warrnambool Cheese And Butter Factory Company Holdings Ltd	Australia	Saputo Inc.	12%	692	13.5x
Average						14.9x
Median						13.5x
Farm Production Companies						
Mar-22	Angel Seafood Holdings Ltd	Australia	Laguna Bay Agricultural No 1 Pty Ltd	100%	32	15.3x
Sep-21	Huon Aquaculture Group Ltd	Australia	JBS S.A.	100%	717	9.7x
Mar-21	Gourmet Food Holdings Pty Ltd	Australia	Mondelez International, Inc.	100%	450	11.0x
Oct-19	Rural Funds Group - Poultry Assets	Australia	ProTen Investment Management Pty Ltd	100%	72	14.7x
Sep-19	Ruralco Holdings Ltd	Australia	Nutrien Ltd	100%	620	9.5x
Mar-19	Maggie Beer Products Pty Ltd	Australia	Longtable Group Ltd (nka:Maggie Beer Holdings Ltd)	52%	16	10.6x
Apr-18	Tegel Group Holdings Ltd	New Zealand	Bounty Fresh Food, Inc.	100%	572	22.0x
Average						12.9x
Median						10.8x

Sources: S&P Global and GTCF Analysis

Note (1): "NA" refers to multiples that are unavailable due to lack of information.

None of the target companies in the transactions above is directly comparable to AFMH. The transaction multiples fall in a wide range, reflecting a number of factors such as the number and strength of brands, the size of the business, market sentiment at the time of transaction, state of the industry, growth expectations and level of interest in the asset.

In considering the above evidence, we make the following observations:

- Volatility in the global dairy markets and the consequent variability in corporate earnings impacting major transaction multiples. After a decade of flat dairy prices from 2008 to 2017, dairy prices have increased steadily which have impacted the multiples in the table above.
- Strong market positions resulting in large multiples being outliers. Bellamy's Australia had strong market position in the Australian infant formula market. Further, agricultural assets are sensitive assets of strategic importance and sometimes this is reflected in the trading prices.
- Historical underperformance in respect of farmgate businesses such as Huon may have negatively impacted the negotiated transaction price. Similarly, Murray Goulburn had been underperforming for a few years prior to its acquisition by Saputo Inc.

Given the variability in the multiples, it is challenging to place any significant degree of reliance on the transaction multiples above as they demonstrate a wide range of outcomes and there is limited publicly available information to rationalise the specific circumstances of each transaction.

7.2.2.3 Conclusion on the implied multiple

EBITDA Multiple

The EBITDA multiple implied in our valuation assessment is at the high-end of the comparable companies. In our opinion, it reflects the following:

- AFMH's substantial presence and strong market position as one of Australia's largest independent dairy producers.
- AFMH's key contracts with dairy processors and its ability to access a distribution network through its shareholders.
- The valuable infrastructure located in key dairy farming regions in Victoria and New South Wales.
- The strategic attractiveness of AFMH to a pool of potential purchasers, given its scale and market position.

P/NTA Multiple

The P/NTA Multiple implied in our valuation assessment is in line with the median and average across the benchmark.

8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports/consolidated accounts of AFMH to H1FY22.
- AFMH Management FY22 – FY24 business plan.
- AFMH Shareholders agreement.
- AFMH board pack – FY21.
- AFMH corporate model.
- Transaction databases such S&P Global Capital IQ and Mergermarket.
- IBISWorld industry reports.
- Various industry and broker reports.
- Press releases and announcements by Noumi on the ASX.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Noumi and its advisers.

8.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared in to assist Noumi's shareholders in related to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is fair and reasonable to Noumi's Securityholders.



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Noumi has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

Noumi is not responsible for any information provided by AFMH or its shareholders.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Comparable companies AFMH

Company	Description
Fonterra Co-operative Group Ltd NZSE:FCG	Fonterra Co-operative Group Limited, together with its subsidiaries, collects, manufactures, and sells milk and milk-derived products. The company offers milk powders, butter, and cheese products. It also engages in the consumer goods and foodservice businesses. In addition, the company operates 66 Farm Source retail stores; and engages in farming of fresh milk. It provides its products primarily under the Anchor, Annum, Anlene, NZMP, Farm Source, De Winkel, Fresh 'n Fruity, Kapiti, Mainland, Mammoth, Perfect Italiano, Piako, Primo, and Symbio brands. The company has operations in New Zealand, China, rest of Asia, Australia, the United States, Europe, Latin America, and internationally. Fonterra Co-operative Group Limited was incorporated in 2001 and is headquartered in Auckland, New Zealand.
Synlait Milk Ltd NZSE:SML	Synlait Milk Limited, together with its subsidiaries, manufactures and sells dairy products in China, rest of Asia, the Middle East, Africa, New Zealand, Australia, and internationally. The company is also involved in the processing, packaging, and marketing of dairy products, including cheese, butter, and milk powder. It offers liquid milk; milk powder related products; nutritional products, such as infant and adult nutritional powders; ingredients comprising skim milk powders and anhydrous milk fat; and specialized nutritional ingredients, such as lactoferrin. The company was incorporated in 2005 and is headquartered in Rakaia, New Zealand.
TasFoods Ltd ASX:TFL	TasFoods Limited processes, manufactures, and sells Tasmanian-made food products in Australia and internationally. The company operates through Dairy and Poultry segments. It offers poultry meat products under the Nichols Poultry, Nichols Ethical Free Range, Isle & Sky, and Nichols Kitchen brands; and wasabi flowers and leaves, as well as fresh wasabi stems and powdered wasabi. The company also provides fresh milk, cheese, cream, butter, and fresh fermented products under the Meander Valley Dairy, Pyengana Dairy, Real Milk, Robur Farm Dairy, Betta Milk, and Tassie Taste brands. In addition, it operates a cafe and retail shop, as well as markets its products through online stores and websites. The company was incorporated in 1998 and is based in Launceston, Australia.
The a2 Milk Company NZSE:ATM	The a2 Milk Company Limited, together with its subsidiaries, sells A2 protein type branded milk and related products in Australia, New Zealand, China, other Asian countries, and the United States. The company offers fresh milk under the a2 Milk brand; and infant formula under the a2 Platinum brand. The company was formerly known as A2 Corporation Limited and changed its name to The a2 Milk Company Limited in April 2014. The a2 Milk Company Limited was founded in 2000 and is based in Auckland, New Zealand.
Bega Chees ASX:BGA	Bega Cheese Limited receives, processes, manufactures, and distributes dairy and other food-related products in Australia. The company operates in two segments, Branded and Bulk. The Branded segment manufactures value added consumer products for owned and externally owned brands. The Bulk segment manufactures bulk dairy ingredients, nutritional, and bio nutrient products. It offers natural, processed, and kids snacking cheese; butter and cream cheese products under the Farmer's Table brand name; dips, mayonnaise, and dressings under the ZoOSH brand name, as well as spreads under the Simply Nuts, B honey, Bega peanut butter, and VEGEMITE brands. The company also develops and supplies bio nutrient ingredients for the health and nutrition markets. In addition, it operates as a contract packer of natural cheddar and processed cheddar cheese products for corporations; and is involved in contract packaging for private proprietary brands, supermarket house brands, and QSR raw material inputs, as well as products for other dairy companies into their brands. The company also exports its products to approximately 40 countries across the Middle East, Southeast Asia, North Asia, Central and South America, and the Pacific Islands. Bega Cheese Limited was founded in 1899 and is headquartered in Bega, Australia.
Inghams Group Ltd ASX:ING	Inghams Group Limited, together with its subsidiaries, produces and sells chicken and turkey products in Australia and New Zealand. The company provides, fresh, fresh with flavor, frozen, gluten free, and ready to cook chicken and turkey products under the Ingham's brand name. It also offers stock feeds for poultry, pig, and dairy industries. The company was founded in 1918 and is based in North Ryde, Australia.
Australian Agricultural Company Ltd ASX:AAC	Australian Agricultural Company Limited produces and sells cattle and beef in Australia. The company engages in owning, operating, and developing pastoral properties; and produces beef, including breeding, backgrounding, and feedlotting. It provides its products under the Wylarah, Westholme, and Darling Downs brands. The company operates an integrated cattle production system across 19 owned cattle stations, 3 leased stations, 2 owned feedlots, 2 owned farms, and 1 leased farm covering an area of approximately 6.4 million hectares of land in Queensland and the Northern Territory. It also exports its products. The company was founded in 1824 and is based in Newstead, Australia.
Wide Open Agriculture Ltd ASX:WOA	Wide Open Agriculture Limited operates as a regenerative food and agriculture company in Australia. It offers regenerative beef, lamb, and poultry products, as well as pantry staples under the Dirty Clean Food brand; and regenerative carbon-neutral oat milk under the OatUP brand name through retail and online stores. The company also focuses on the development of lupin and plant-based protein products. It serves restaurants and cafes.
Select Harvests Ltd ASX:SHV	Select Harvests Limited engages in the processing, packaging, marketing, and distribution of edible nuts, dried fruits, seeds, muesli, and various natural health foods in Australia. It grows, processes, and sells almonds to the food industry from company owned and leased almond orchards, as well as holds a portfolio of approximately 9,262 hectares of almond orchards located in Victoria, New South Wales, and South Australia. The company also exports its products to Asia, Europe, and the Middle East. It offers its products under Renshaw and Alling Farms in the wholesale and industrial markets. Select Harvests Limited was incorporated in 1969 and is based in Richmond, Australia.
Costa Group Holdings Ltd ASX:CGC	Costa Group Holdings Limited produces, packs, and markets fruits and vegetables to food retailers. It operates through three segments: Produce, Costa Farms and Logistics, and International. The company offers mushrooms, raspberries, strawberries, blackberries, tomatoes, citrus, avocados, bananas, grapes, and other fruits. It also provides chilled logistics warehousing and services, as well as wholesale and marketing services. In addition, the company engages in licensing blueberry varieties in Australia, the Americas, China, Africa, and internationally; and berry farming activities in Morocco and China. As of December 31, 2021, it had 5,427 hectares of citrus fruits, 1,038 hectares of avocado/banana, 721 hectares of berries, 108 hectares of mushrooms, and 35 hectares of tomato plantations, as well as 345 hectares of plantation in Morocco and 296 hectares in China. The company also exports its products. Costa Group Holdings Limited was founded in 1888 and is based in Ravenhall, Australia.

Appendix C – AFMH Comparable transactions' target descriptions

Target	Description
Van Dairy Group (11 dairy farms)	The Van Dairy Group was Australia's largest dairy conglomerate, holding c. 18,000 cows across c. 7,000 hectares and employing roughly 140 people. In 2016, the entirety of VDG's 23 farms and associated infrastructure was purchased by a Chinese investor for c. A\$280 million. In May 2021, 11 of the 23 farms were listed on the market and sold to Prime Value Asset Management Ltd for c. A\$62.5 million, inclusive of c. 5,000 cattle and c. 2,200 hectares of total land.
Lion-Dairy & Drinks Pty Ltd	Lion-Dairy & Drinks Pty Ltd produces, markets, distributes, and sells food, dairy, and beverage products. Its products includes fresh dairy food, fruit juices, soy milk products, cheese, yogurts, fromage frais, dairy desserts, and creams. The company offers full cream, flavoured, and modified fresh and ultra-high-temperature (UHT) milk. Lion-Dairy & Drinks Pty Ltd was formerly known as National Foods Australia Pty Ltd. and changed its name to Lion-Dairy & Drinks Pty Ltd in May 2011. The company was founded in 1960 and is based in Docklands, Australia. It has production facilities and sales offices in Australia, New Zealand, Singapore, Malaysia, and Indonesia. As of October 2009, Lion-Dairy & Drinks Pty Ltd operates as a subsidiary of Kirin Foods Australia Holdings Pty Ltd.
Beston Global Food Company (4 dairy farms)	Beston Global Food Company Limited, together with its subsidiaries, engages in the manufacture and sale of food and beverage products in Australia, Asia, Europe, and North America. It operates in four segments: Australian Dairy, Australian Meat, Australian Other, and International Other. The company owns milk production plants to produce cheese and other dairy products; and harvests, processes, packages, and distributes live, chilled, and frozen seafood; and produces and processes meat products. It also develops and produces health and food, beverage, and pharmaceutical products; processes spring water; and develops and commercializes end-to-end food traceability and anti-counterfeit technology solutions, as well as operates as a food e-commerce platform. Beston Global Food Company Limited was incorporated in 2014 and is based in Adelaide, Australia.
Bellamy's Australia Limited	As of December 23, 2019, Bellamy's Australia Limited operates as a subsidiary of China Mengniu Dairy Company Limited.
Westland Co-operative Dairy Company Limited	Westland Co-operative Dairy Company Limited, together with its subsidiaries, operates a dairy co-operative that engages in the production and supply of dairy and nutritional products in New Zealand. The company offers food ingredients, including milk powders, milk proteins, UHT milk, and cream for use in infant nutrition, health and wellness, aged and sports nutrition, beverages, confectionary, and bakery products under the WESTPRO name; and nutritional products, such as infant and toddler, and specialty nutritional powders under the WESTPRO NUTRITION name. It also provides butter under the Westpro and Westgold names; UHT milk under the Westgold name; UHT whipping cream under the Westpro name; and milk powder for the production of yogurt powder under the EasiYo name. In addition, the company offers cheese, dried milk or casein, and various other products derived from milk or milk solids. Further, it sells milk or milk solids; and collects, treats, and distributes milk or cream for human consumption. The company was formerly known as The Westland Co-operative Dairy Company Limited and changed its name to Westland Co-operative Dairy Company Limited in October 2001. Westland Co-operative Dairy Company Limited was founded in 1937 and is headquartered in Hokitika, New Zealand. As of August 1, 2019, Westland Co-operative Dairy Company Limited operates as a subsidiary of HongKong Jingang Trade Holding Company Limited.
Koroit dairy processing facility of Saputo Dairy Australia Pty Ltd.	As of August 17, 2018, Koroit dairy processing facility of Saputo Dairy Australia Pty Ltd. was acquired by Bega Cheese Limited. Koroit dairy processing facility of Saputo Dairy Australia Pty Ltd. comprises milk processing services. The asset is located in Australia.
St David Dairy Pty Ltd	St David Dairy Pty Ltd produces and supplies milk, butter, cream, and yogurt to cafes, restaurants, and retailers. The company was founded in 2013 and is based in Fitzroy, Australia. As of August 1, 2018, St David Dairy Pty Ltd operates as a subsidiary of Longtable Group Limited.
B.-d. Farm Paris Creek Pty Ltd.	B.-d. Farm Paris Creek Pty Ltd. produces dairy products. It offers milk, flavored milk, yoghurt, quark, indulgence, soft cheeses, hard cheeses, and butter. The company provides its products through retail network in Australia, Singapore, Dubai, Hong Kong, Brunei, and Fiji. B.-d. Farm Paris Creek Pty Ltd. was founded in 1988 and is headquartered in Meadows, Australia. As of December 22, 2017, B.-d. Farm Paris Creek Pty Ltd. operates as a subsidiary of Longtable Group Limited.
Murray Goulburn Co-Operative Co. Limited	Murray Goulburn Co-Operative Co. Limited is in the process of liquidation. Previously, the company was involved in the processing, manufacture, marketing, and distribution of dairy products in Australia and internationally. Murray Goulburn Co-Operative Co. Limited was founded in 1950 and is headquartered in Southbank, Australia. Murray Goulburn Co-Operative Co. Limited is a subsidiary of Saputo Dairy Australia Pty Ltd.
Udder Delights Australia Pty Ltd	Udder Delights Australia Pty Ltd manufactures and sells white mold and blue mold cheese. The company was founded in 2017 and is based in Hahndorf, Australia. Udder Delights Australia Pty Ltd is a former subsidiary of Udder Delights Group Pty Ltd.

Target	Description
Warmambool Cheese And Butter Factory Company Holdings Limited	Warmambool Cheese and Butter Factory Company Holdings Limited produces and sells dairy products in Australia. It operates through three segments: Commodities, Consumer Goods, and Other. The company offers full cream fresh milk, low fat milk, no fat milk, jersey milk, jersey lite milk, flavoured milk, and iced milk under the Sungold brand; cheese and milk products under the COON, Cracker Barrel, Mil Lel, and Great Ocean Road brands; and cheese and butter products under the Warmambool Cheddars brand. It also provides Enprocal, a protein supplement for people experiencing difficulties meeting their nutritional requirements or maintaining weight due to medical conditions, including conditions found in the elderly; low fat cheddar, skim milk, gouda, and emmental cheese products; and skim milk powder for use in re-combined milk, bakery products, confectionery, infant formula, and dairy desserts. In addition, the company offers butter products, such as salted butter, unsalted butter, and butter blends with sugar and oils for use in bakery products, biscuit making, and confectionery; fresh or frozen cream products; and whey protein concentrate powder that is used in health products, sports drinks, nutritional health bars, as a binding ingredient in food processing, and as a meal replacement or supplement. Further, it provides bovine lactoferrin, a glycoprotein used in infant formula and nutraceuticals; and cream cheese under the Sungold brand for baking, dips and spreads, sauces, and appetizers. Warmambool Cheese and Butter Factory Company Holdings Limited markets its products to wholesale and retail customers, as well as exports its products. The company was founded in 1888 and is headquartered in Allansford, Australia. Warmambool Cheese and Butter Factory Company Holdings Limited is a subsidiary of Saputo Inc.
Angel Seafood Holdings Ltd	Angel Seafood Holdings Limited produces, manufactures, markets, and sells organic and sustainable oysters in Australia and Asia. The company also exports its products. Angel Seafood Holdings Limited was incorporated in 2016 and is headquartered in Port Lincoln, Australia.
Huon Aquaculture	Huon Aquaculture Group Limited, together with its subsidiaries, engages in the hatching, farming, processing, marketing, and selling of Atlantic salmon and ocean trout in Australia. The company also exports its products. The company was founded in 1986 and is headquartered in Dover, Australia. As of November 3, 2021, Huon Aquaculture Group Limited operates as a subsidiary of JBS Australia Pty Limited.
Gourmet Food Holdings Pty Ltd	Gourmet Food Holdings Pty Ltd offers packaged seafood products. The company was founded in 2018 and is based in Dandenong South, Australia. As of April 1, 2021, Gourmet Food Holdings Pty Ltd operates as a subsidiary of Mondelez International, Inc.
Rural Funds Group – Poultry Assets	Rural Funds Group is an agricultural Real Estate Investment Trust (REIT) listed on the ASX under the code RFF. RFF owns a diversified portfolio of Australian agricultural assets which are leased predominantly to corporate agricultural operators. RFF targets distribution growth of 4% per annum by owning and improving farms that are leased to good counterparties.
Ruralco Holdings Ltd	Ruralco Holdings Limited sells and markets merchandise, fertilisers, water products, and financial services products to rural and related customers in Australia. It operates through Rural Services, Water Services, Live Export, and Financial Services segments. The company offers agronomic advisory and agency services, as well as sells supplies, such as fertilizers, crop-protection products, and general farm merchandise; and insurance broking, finance broking, and commodity advice and analysis services. It is also involved in the sale of domestic, civil, industrial, and agricultural irrigation products and parts; design, construction, installation, and maintenance of on-farm water infrastructure solutions; and brokering the purchase and sale of temporary and permanent water entitlements, as well as export of feeder and slaughter cattle. In addition, the company provides grain trading services; wool marketing services; livestock specialist services, including advice on buying and selling livestock, herd selection, and genetics for dairy and beef cattle and sheep; and agricultural advisory, risk analysis, and management services. Further, it engages in the marketing and selling rural, rural lifestyle, commercial, and residential real estate properties. Ruralco Holdings Limited is based in Macquarie Park, Australia. As of September 30, 2019, Ruralco Holdings Limited operates as a subsidiary of Landmark Operations Limited.
Maggie Beer Products Pty Ltd	Maggie Beer Products Pty Ltd manufactures wine, quince paste, pate, gourmet ice-cream, soups, stock, jam and unfermented grape juice known as verjuice. The company was incorporated in 1997 and is based in Nuriootpa, Australia. As of April 15, 2019, Maggie Beer Products Pty Ltd operates as a subsidiary of Maggie Beer Holdings Ltd.
Tegel Group Holdings Limited	Tegel Group Holdings Limited, through its subsidiaries, produces poultry products such as chicken, meal maker smoked chicken, meal maker sliced roast chicken, and Kebabs. Tegel Group Holdings Limited was formerly known as Ross Group Holdings Limited and changed its name to Tegel Group Holdings Limited in March 2016. The company was founded in 1961 and is based in Auckland, New Zealand. As of September 27, 2018, Tegel Group Holdings Limited operates as a subsidiary of Bounty Fresh Food, Inc.

Appendix D – Discount rate

Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- R_e = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- R_d = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

Required rate of return on equity capital

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- 7. R_f = risk free rate
- 8. β_e = expected equity beta of the investment
- 9. $(R_m - R_f)$ = market risk premium

Risk-free rate

In the absence of an official risk free rate, the yield on the government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Our adopted risk-free rate of 3.25% is based on the long-term real yield on Australian 10-year government bonds adjusted for the RBA's target inflation of between 2-3%.

In light of the COVID-19 pandemic and the resulting disruption to the global economy, the RBA, like other central banks around the world, reduced the cash rate to a historic low of 0.10% since November 2020 and announced no intention to increase it until 2023-24 when the actual inflation is sustained within the 2-3% target range. However, due to the conflict in Ukraine ("Ukraine Conflict") and years of fiscal stimulus, the current inflation data continues to remain robust. As a result of this, the RBA has increased interest rates by 75 bps in May 2022 and June 2022. This has contributed to higher bond yields recently and this is expected to continue over the short to medium term.

In our assessment of the risk-free rate of 3.25%, we had regard to both long-term and short-term estimates.

Australia Government Debt - 10 Year as at 30 May 2022			Daily average	
	Range		Nominal	
Previous 5 trading days	3.21%	- 3.33%	3.26%	
Previous 10 trading days	3.21%	- 3.47%	3.32%	
Previous 20 trading days	3.21%	- 3.57%	3.40%	
Previous 30 trading days	3.06%	- 3.57%	3.31%	
Previous 60 trading days	2.23%	- 3.57%	3.03%	
Previous 1 year trading	1.05%	- 3.57%	1.93%	
Previous 2 years trading	0.73%	- 3.57%	1.54%	
Previous 3 years trading	0.60%	- 3.57%	1.38%	
Previous 5 years trading	0.60%	- 3.57%	1.84%	
Previous 10 years trading	0.60%	- 4.44%	2.46%	

Source: S&P Global

Market risk premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned.

Empirical studies of the historical risk premium in Australia over periods of up to 100 years suggest the premium is between 6% and 8%. For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a market risk premium of 6%.

We note that our adopted premium is consistent with the market risk premium used by regulatory authorities in Australia (such as the Australian Competition and Consumer Commission and all other state based regulators).

We have performed an analysis of the S&P ASX 200 accumulation index which measures total returns generated by the ASX 200, and compared this to our adopted risk-free rate and market risk premium. Total returns generated by the ASX 200 since 1992 equate to a CAGR between 9% and 9.5% which is not dissimilar to the 9.25% implied by our adopted risk free rate of 3.25% and market risk premium of 6%. This provides support for our adopted risk-free rate and market risk premium.

Equity beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of the report, we have had regards to the observed betas (equity betas) of comparable listed companies operating in the Agriculture industries as outlined in the following tables below. We have performed regressions of the historical betas over 5-year monthly time period with local indices.

			5 years monthly betas					
Beta analysis	Market cap		Equity	R squared	Gearing	Ungeared	Regeared	Adopted
Company	Country	A\$m	Beta		Ratio	Beta	Beta	Beta
Fonterra Co-operative Group Limited	New Zealand	3,558	0.19	0.01	98.3%	0.11	0.14	Nmf
Synlait Milk Limited	New Zealand	683	1.18	0.12	40.4%	0.91	1.19	1.19
TasFoods Limited	Australia	28	0.49	0.03	5.3%	0.47	0.61	0.61
The a2 Milk Company Limited	New Zealand	3,504	0.98	0.07	(10.2%)	0.98	1.28	1.28
Bega Cheese Limited	Australia	1,459	0.24	0.02	23.9%	0.20	0.26	Nmf
Inghams Group Limited	Australia	1,056	0.28	0.03	100.2%	0.17	0.22	0.22
Australian Agricultural Company Limited	Australia	1,242	(0.09)	0.00	49.1%	(0.07)	(0.09)	Nmf
Wide Open Agriculture Limited	Australia	97	1.87	0.05	(20.8%)	1.87	2.43	Nmf
Ridley Corporation Limited	Australia	550	0.85	0.22	37.3%	0.68	0.88	0.88
Select Harvests Limited	Australia	679	0.17	0.01	36.7%	0.14	0.18	Nmf
Costa Group Holdings Limited	Australia	1,445	0.54	0.04	39.5%	0.42	0.55	0.55
Low								0.22
Median								0.75
Average								0.79
High								1.28

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global. The betas are based on a five-year period with monthly observations based on the local index. Betas have been degeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on AFMH's assumed regearing ratio of 25%.

			2 years weekly betas					
Beta analysis	Market cap		Equity	R squared	Gearing	Ungeared	Regeared	Adopted
Company	Country	A\$m	Beta		Ratio	Beta	Beta	Beta
Fonterra Co-operative Group Limited	New Zealand	3,558	0.29	0.01	106.1%	0.16	0.21	Nmf
Synlait Milk Limited	New Zealand	683	0.94	0.17	64.6%	0.64	0.83	0.83
TasFoods Limited	Australia	28	0.16	0.00	16.9%	0.14	0.18	Nmf
The a2 Milk Company Limited	New Zealand	3,504	1.14	0.14	(18.3%)	1.14	1.48	1.48
Bega Cheese Limited	Australia	1,459	0.47	0.05	26.6%	0.39	0.51	0.51
Inghams Group Limited	Australia	1,056	0.80	0.13	157.4%	0.38	0.50	0.50
Australian Agricultural Company Limited	Australia	1,242	0.27	0.02	42.0%	0.21	0.27	0.27
Wide Open Agriculture Limited	Australia	97	1.24	0.03	(18.6%)	1.24	1.61	Nmf
Ridley Corporation Limited	Australia	550	0.78	0.09	21.4%	0.68	0.88	0.88
Select Harvests Limited	Australia	679	0.43	0.03	53.2%	0.32	0.41	0.41
Costa Group Holdings Limited	Australia	1,445	1.08	0.16	50.0%	0.80	1.04	1.04
Low								0.27
Median								0.67
Average								0.74
High								1.48

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global. The betas are based on a two-year period with weekly observations based on the local index. Betas have been degeared based on the adjusted gearing ratio. We have adopted the adjusted gearing ratio for Latitudepeers as several peers had significant amounts of restricted cash which we excluded for the purpose of the degearing exercise. Betas have been regeared based on AFMH's assumed regearing ratio of 25%.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (re-gearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and re-gearing exercise:

$$\beta_e = \beta_a \left[1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

β_e = Equity beta

β_a = Asset beta

t = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years. We note that most comparable companies had net cash positions. We then re-gearred based on a gearing ratio of 30% debt to 70% equity (see Capital Structure Section below for further discussions).

For the purposes of our valuation, we have selected a regeared beta in the range of 0.70 to 0.8 for AFMH mainly based on the average and median of the listed peers.

Specific risk premium

Specific risk premium ("SRP") represents the additional return an investor expects to receive to compensate for country, size and project related risks not reflected in the beta of the observed comparable companies.

We have assumed a SRP of 1.0% given the size of the Company and the operational risks not directly reflected in the cash flows.

Cost of debt

For the purpose of estimating the cost of debt applicable to AFMH, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for AFMH.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt of **5% to 5.5%** on a pre-tax basis.

Capital Structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

In determining the appropriate capital structure, we have had regard to the current capital structure of the broadly comparable companies of AFMH. We have considered AFMH's current gearing of 55% but have adopted a long-term through the cycle view and adopted a lower gearing in our valuation assessment.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a debt-to-enterprise ratio of **25% to 30%** debt and **70% to 75%** equity for AFMH.

Tax rate

For the purpose of our valuation assessment we have assumed a tax rate of **30.0%** for AFMH based on the Australian corporate tax rate.

Discount rate summary

The discount rate range for the different entities is set out below:

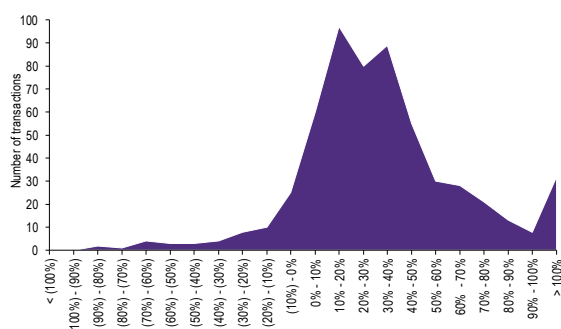
WACC calculation	Low	High
Cost of equity		
Risk free rate	3.25%	3.25%
Beta	0.70	0.80
Market risk premium	6.0%	6.0%
Specific risk premium	1.0%	1.0%
Cost of equity	8.5%	9.1%
Cost of debt		
Cost of debt (pre tax)	5.0%	5.5%
Tax	30.0%	30.0%
Cost of debt (post tax)	3.5%	3.9%
Capital structure		
Proportion of debt	30%	25%
Proportion of equity	70%	75%
	100%	100%
WACC (post tax)	7.0%	7.8%

Source: GTCF analysis

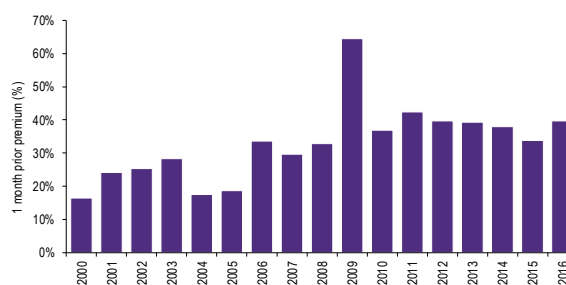
Appendix E – Premium for control study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium varies significantly for each transaction.

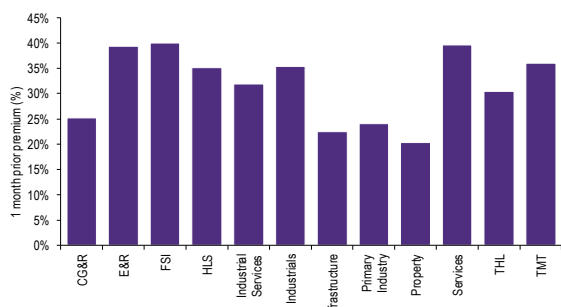
1 Month Prior Control Premium



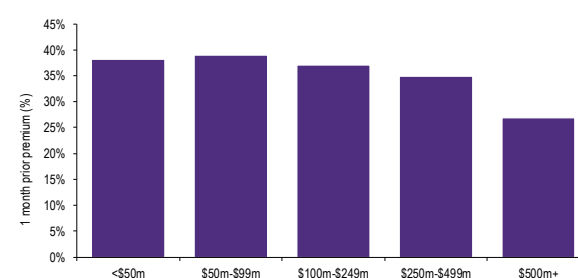
Control premium per completion date



Control premium per industry



Control premium and size



Control premium	
Average	34.33%
Median	29.34%

Source: GTCF analysis.

Appendix F – Glossary

\$ or A\$	Australian Dollar
AASB 16	Australian Accountings Standards Board 16 – Leases
ABARES	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
AFMH or the Company	Australian Fresh Milk Holdings
AFMH Shareholders Agreement	The agreement between shareholders of AFMH
AFMH Shares	The ordinary equity shares in AFMH
Aither Entitlement Index	An index of traded water rights compiled by Aither
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
Arbitration	The proceedings brought against Noumi
Arrovest	Arrovest Pty Ltd, an entity associated with the Perich Family
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ASX	Australian Securities Exchange
Balance Sheet Adjustments	Adjustments made by Grant Thornton to reflect a marked to market balance sheet including the Ladysmith Acquisition
Bank Guarantee Facility	A bank guarantee of US\$18 million required as part of the Settlement
CAGR	Compound annual growth rate
Capital Raise	A capital raise completed by AFMH to finance the Ladysmith Acquisition
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus pandemic
Dairy Code	Dairy Code of Conduct
Dairy Peers	The comparable companies that are part of the dairy value chain in Australia and New Zealand
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
Deferred Consideration	US\$18 million to be paid as part of the Settlement
DFMP	Dairy Farm Monitor Project
EBITDA	Earnings before interest, tax expenses, depreciation and amortisation
Farmgate Peers	The comparable companies that are part of the agriculture industry in Australia and New Zealand
Federal Government	Australian Federal Government
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Service Guide
GT Model	The financial model prepared by Grant Thornton based on the Internal Projections
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
IER or Report	Independent Expert's Report
IFRS	International Financial Reporting Standards
Independent Valuation	The process pursuant to which the capital raising price was determined
Independent Valuer	The Independent Valuer appointed to undertake a valuation of AFMH
Internal Projections	The financial model prepared by AFMH which was used for the Independent Valuation
KPI	Key performance indicator
Ladysmith Acquisition	Ladysmith Feedlot recently acquired by AFMH
LGCs	Large Generation Certificates
Licence Agreement	The agreement pursuant to which Noumi produced Almond Milk under the Almond Breeze brand
Leppington	Leppington Pastoral Company, an entity controlled and associated with Arrovest
MDB	Murray Darling Basin
Moxey Family	A leading dairy producer in Australia
NAV Method	Net asset value method
Next Generation Herd	The generation of higher yield cows
NHG	New Hope Group, a Chinese enterprise with interests in agriculture investments globally
Non-Associated Shareholders	The shareholders of Noumi that are not associated with Arrovest or its associates
Noumi	Noumi Limited
Noumi Interest	Noumi's 9.402% interest in AFMH
Offer Notice	The format in which a selling shareholder offers its shares to existing shareholders of AFMH
Offer Price	The offer of A\$1.40 to acquire the Noumi Interest
P/NTA Multiple Method	Price-to-Net tangible assets multiple method
Perich Family	The shareholder which owns 52.5% of Noumi and is a 37.90% shareholder in AFMH
Proposed Transaction	The sale of the Noumi Interest

Quoted Security Price Method	Valuation of shares based on the trading price
RBA	Reserve Bank of Australia
RG	Regulatory Guide
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG 76	ASIC Regulatory Guide 76 "Related party transactions"
Settlement	The final agreement in relation to the Arbitration
SRP	Specific Risk Premium
Substantial Asset	An asset that represents at least 5% of the net assets of an ASX-listed company
Trading Multiples	The current trading multiples of broadly comparable companies
Tranche A Note	A\$265 million worth of convertible notes issued by Noumi as part of its recapitalisation
Tranche B Note	A\$27.2 million worth of convertible notes issued by Noumi during 2021
Transaction Multiples	The multiples implied by acquisitions of companies with broadly similar operations
Ukraine Conflict	The ongoing invasion of Ukraine by Russia
Upfront Consideration	US\$17 million paid as part of the Settlement
US\$	United States Dollar
WACC	Weighted average cost of capital
WAVE	WAVE Ag Tech

ANNEXURE B – INSTRUCTIONS FOR ATTENDING THE MEETING

1 Attendance at the Meeting

Consistent with the Company's Constitution, the Company will hold the Meeting by virtual means and will distribute the Meeting materials by electronic communication (unless a Shareholder has elected for hard-copy communications). There will not be a physical venue available for Shareholders to attend in person.

Online

Shareholders and proxyholders are encouraged to participate in the Meeting online, which will allow them to view presentations, ask questions and vote.

You can access the Meeting online via <https://meetings.linkgroup.com/NOUEGM2022>.

Please note that there may be a short delay when attending the Meeting online.

Teleconference

For Shareholders and proxyholders who are unable or do not wish to access the Meeting online, they may attend by teleconference. This will allow them to listen to the Meeting live and ask questions on the telephone, but they will not be able to vote. Shareholders and proxyholders wishing to ask a question by telephone will need to contact Link Market Services on +61 1800 990 363 to pre-register and obtain a PIN.

2 Materials accompanying this Notice

The following materials accompany this Notice:

- (a) the Explanatory Statement; and
- (b) the Proxy Form.

These documents should be read together with, and form part of, this Notice of Meeting. These documents should be read carefully by Shareholders prior to the Meeting.

3 Voting and required majority - Corporations Act

- (a) In accordance with section 249HA of the Corporations Act for the Resolutions to be effective not less than 28 days written notice has been given.
- (b) The Resolution must be passed by more than 50% of all votes cast by eligible Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or corporate representative).
- (c) Subject to the Voting Exclusion Statement for the Resolution (as set out above), on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Share held.

4 Voting entitlement

In accordance with Reg 7.11.37 of the Corporations Regulations, for the purpose of voting at the Meeting, the Directors have determined that those persons who are the registered holders of Shares at 10:00 am (Sydney time) on 15 August 2022 will be treated as Shareholders eligible to vote on the Resolution, subject to the Voting Exclusion Statement outlined above.

Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Meeting.

Voting is not compulsory.

5 How to vote

Shareholders can vote by either:

- attending the Meeting and voting online; or

- appointing a proxy to attend and vote on their behalf by submitting their proxy appointing and voting instructions online, or by completing the Proxy Form accompanying this Notice of Meeting and sending it by post or by facsimile, as directed on the Proxy Form.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Please refer to the “Virtual Meeting Online Guide” accompanying this Notice of Meeting for further information.

6 Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative must provide the Company with adequate evidence of his or her appointment, including any authority under which it is signed.

7 Voting by proxy

A Proxy Form accompanies this Notice of Meeting. Eligible Shareholders wishing to appoint a proxy to attend and vote at the Meeting on their behalf, should complete and sign the Proxy Form accompanying this Explanatory Statement with the instructions set out on the Proxy Form. Eligible Shareholders may complete the Proxy Form in favour of the Chair of the Meeting or appoint up to two proxies to attend and vote on their behalf at the Meeting. Each proxy will have the right to speak at the Meeting.

An eligible Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies. Only those eligible Shareholders who are entitled to cast two or more votes at the Meeting may appoint two proxies. A proxy need not be a Shareholder. A proxy can either be an individual or a body corporate.

Where an eligible Shareholder wishes to appoint two proxies, an additional Proxy Form may be obtained by contacting the Share Registry.

An eligible Shareholder appointing two proxies may specify the percentage of votes, proportion or number of votes each proxy is appointed to exercise.

If an eligible Shareholder appoints two proxies and does not specify the percentage of votes each proxy may exercise, each proxy may exercise 50% of the votes. Fractions of votes are to be disregarded.

If a proxy is not directed how to vote on the Resolution, the proxy may generally vote, or abstain from voting, as they think fit subject to the Voting Exclusion Statement.

Should any procedural resolution which is not specified in the Notice of Meeting be proposed at the Meeting, a proxy may vote on that resolution as they think fit in accordance with the Company's Constitution.

If a proxy is instructed to abstain from voting on the Resolution, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

A proxy will have no power to act at the Meeting at which its appointer is present virtually, by attorney or, in the case of a body corporate, by representative.

8 Lodgement of Proxy Form

To be effective, the Proxy Form and any authority under which the form is signed, must be received by the Share Registry prior to 10:00 am (Sydney time) on 15 August 2022. Proxy Forms, duly completed in accordance with the instructions set out in the Proxy Form, may be returned to Link by:

- lodging them online through www.linkmarketservices.com.au. You will require your SRN/HIN and control number, located on the front page of your Proxy Form;
- posting them in the reply paid envelope provided to Noumi Limited c/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;

- (c) delivering them to Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Paramatta NSW 2150 or Level 12, 680 George Street, Sydney NSW 2000; or
- (d) faxing them to +61 2 9287 0309.

Eligible Shareholders who complete and return a Proxy Form may still attend the Meeting online and vote on the Resolution (in which case their proxy will be revoked).

9 How the Chair will vote undirected proxies

The Chair intends to vote undirected proxies in favour of the Resolution. If a proxy appointment is signed or validly executed by the eligible Shareholder, but does not name the proxy in whose favour it is given, the Chair of the Meeting will act as proxy provided that, if the eligible Shareholder has not directed the proxy how to vote, the eligible Shareholder has ticked the required box on the Proxy Form authorising the Chair to vote.

The Company encourages all eligible Shareholders who submit proxies to direct their proxy how to vote on the Resolution.

10 Voting by attorney

An eligible Shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Link by no later than 10:00 am (Sydney time) on 15 August 2022.

An attorney will have no power to act at the Meeting at which its appointer is present virtually, by attorney or, in the case of a body corporate, by representative.

11 Corporate representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

12 Shareholder Questions – submitted prior to the Meeting

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please log onto www.linkmarketservices.com.au, select Voting, then click “Ask a Question”.

To allow time to collate questions and prepare answers, please submit any questions by 5:00 pm (Sydney time) on Wednesday, 10 August 2022 (being no later than the fifth business day before the Meeting is held). Questions will be collated and, during the Meeting, the Chair will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the Meeting to address all topics raised. Please note that individual responses will not be sent to Shareholders.

Please refer to the “Virtual Meeting Online Guide” accompanying this Notice of Meeting for further information.

13 Conduct of Meeting

The Company is committed to ensuring that its Shareholder meetings are conducted in a manner which provides those Shareholders (or their proxy holders) who attend the Meeting with the opportunity to participate in the business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about the Company generally. The Company will not allow conduct at any Shareholder meeting which is discourteous to those who are present at the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. The Chair of the Meeting will exercise her powers as the Chair to ensure that the Meeting is conducted in an orderly and timely fashion, in the interests of all attending Shareholders.

In the event that technical issues arise, the Company will have regard to the impact of the technical issues on Shareholders participating and casting votes online and the Chair of the

Meeting may, in exercising her powers as the Chair, issue any instructions for resolving the issue and may continue the meeting if it is appropriate to do so. Consistent with the Company's Constitution, the Meeting will be duly constituted and its proceedings valid if the Chair is satisfied that adequate facilities are available throughout the Meeting to ensure that Shareholders are able to participate in the business for which the Meeting has been convened.

14 Additional information

If after reading this Notice of Meeting and the accompanying Explanatory Statement you have any questions about the Resolution or how to vote at the Meeting, please contact the Meeting Information Line on 1300 554 474 (toll free within Australia) or +61 1300 554 474 (toll free and outside Australia) on Business Days between 9:00am and 5:00pm (Sydney time). Please refer to the "Virtual Meeting Online Guide" accompanying this Notice of Meeting for further information.

CORPORATE DIRECTORY

Directors

Genevieve Gregor
Anthony Perich AM
Jane McKellar
Timothy Bryan
Stuart Black AM

Independent Directors

Genevieve Gregor
Jane McKellar
Stuart Black AM

Group General Counsel

Justin Coss

Company Secretary

Justin Coss

Registered Office

80 Box Road
Caringbah NSW 2229
www.noumi.com.au

Australian Legal Adviser

Arnold Bloch Leibler
Level 24, Chifley Tower
Sydney, NSW 2000

Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Meeting Information Line

1300 554 474 (within Australia)
+61 1300 554 474 (outside Australia)
Open between 9:00am to 5:00pm (Sydney time) Monday to Friday

Virtual Meeting Online Guide

Before you begin

Ensure your browser is compatible.
Check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer 9 and up

To attend and vote you must have your securityholder number and postcode.

Appointed Proxy: Your proxy number will be provided by Link before the meeting.

Please make sure you have this information before proceeding.

Virtual Meeting Online Guide

A screenshot of the LINK Group registration form. The form is titled "Please register your details to participate" and includes fields for Full Name, Mobile (e.g. 022 123 1234), Email, and Company Name. Below these fields is a checkbox for "I have read and accept the Terms & Conditions" and a red button labeled "REGISTER AND WATCH AGM". A small text at the bottom indicates a Help Number: 1800 999 343.

Step 1

Open your web browser and go to <https://agmlive.link/FNP20> and select the relevant meeting.

Step 2

Log in to the portal using your full name, mobile number, email address, and company name (if applicable).

Please read and accept the terms and conditions before clicking on the blue **'Register and Watch Meeting'** button.

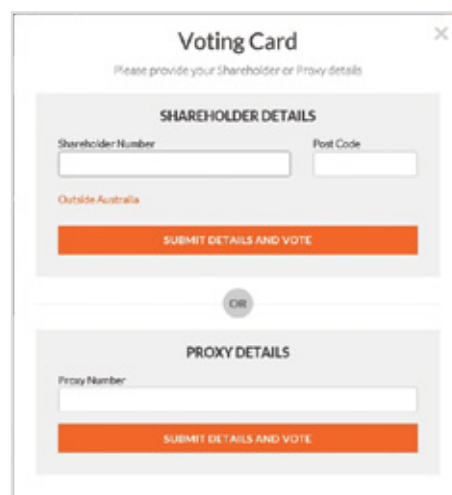
- On the left – a live video webcast of the Meeting
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

This will bring up a box which looks like this.

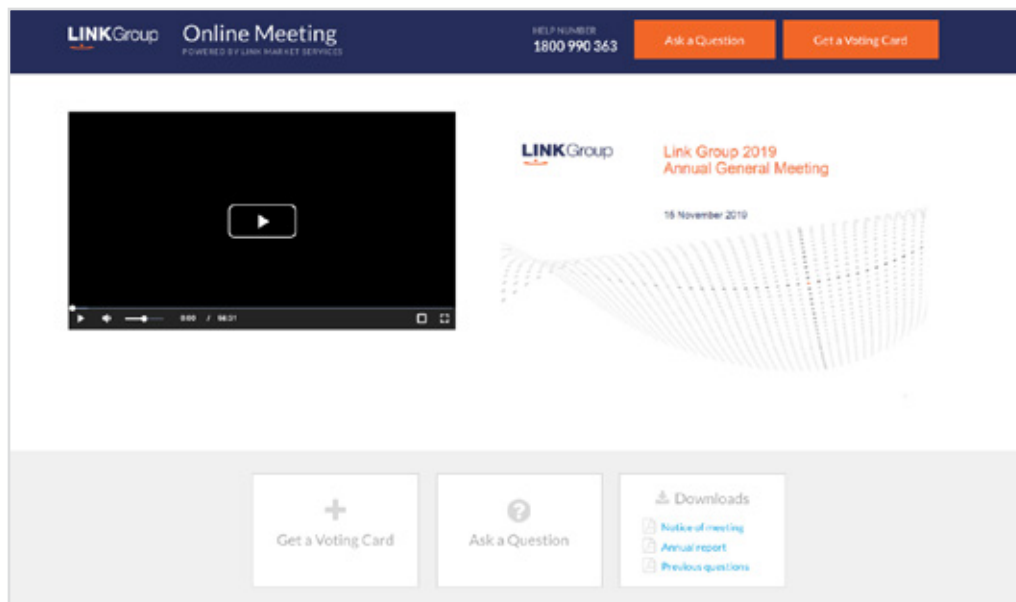
A screenshot of the "Voting Card" registration box. It has a title bar with a close button (X). The main heading is "Voting Card" followed by the instruction "Please provide your Shareholder or Proxy details". There are two sections: "SHAREHOLDER DETAILS" and "PROXY DETAILS". The "SHAREHOLDER DETAILS" section includes fields for "Shareholder Number" and "Post Code", a link for "Outside Australia", and a red button "SUBMIT DETAILS AND VOTE". Below this is a section with a circular "OR" button. The "PROXY DETAILS" section includes a field for "Proxy Number" and a red button "SUBMIT DETAILS AND VOTE".

If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.



Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the Unitholder's voting instructions.

Full Vote **Partial Vote**

Resolution 2B ☐ For ☐ Against ☐ Abstain
RE-ELECTION OF MR. ABC AS A DIRECTOR

Resolution 2C ☐ For ☐ Against ☐ Abstain
RE-ELECTION OF MS. XYZ AS A DIRECTOR

Resolution 3 ☐ For ☐ Against ☐ Abstain
INCREASE TO DIRECTORS' MAXIMUM FEE POOL LIMIT

Resolution 4 ☐ For ☐ Against ☐ Abstain
ADOPTION OF REMUNERATION REPORT

SUBMIT VOTE

Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

Once voting has been closed all voting cards will automatically be submitted and cannot be changed.

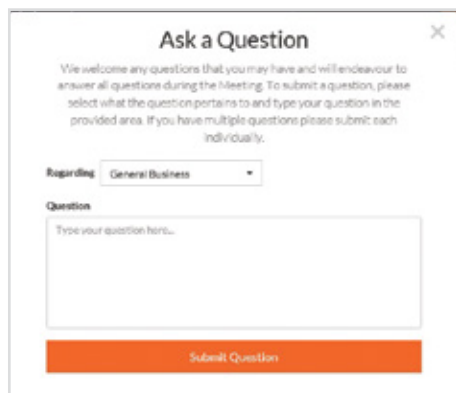
At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time. Please make any changes and submit your voting cards.

2. How to ask a question

Note: Only securityholders are eligible to ask questions.

You will only be able to ask a question after you have registered to vote. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The '**Ask a Question**' box will then pop up with two sections for completion.

A screenshot of a web-based 'Ask a Question' form. The title 'Ask a Question' is at the top with a close button (X). Below the title is a welcome message: 'We welcome any questions that you may have and will endeavour to answer all questions during the Meeting. To submit a question, please select what the question pertains to and type your question in the provided area. If you have multiple questions please submit each individually.' There is a 'Regarding:' section with a dropdown menu currently set to 'General Business'. Below this is a 'Question' section with a text input field containing the placeholder 'Type your question here...'. At the bottom is an orange button labeled 'Submit Question'.

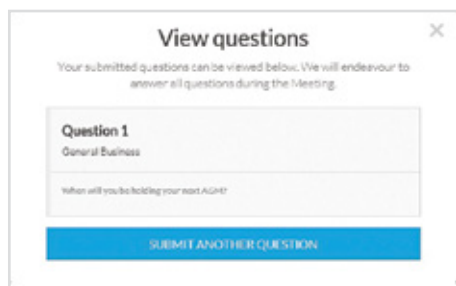
In the '**Regarding**' section click on the drop down arrow and select the category/resolution for your question.

Click in the '**Question**' section and type your question and click on 'Submit'.

A '**View Questions**' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.

A screenshot of a web-based 'View questions' box. The title 'View questions' is at the top with a close button (X). Below the title is a message: 'Your submitted questions can be viewed below. We will endeavour to answer all questions during the Meeting.' There is a section for 'Question 1' with the category 'General Business' and the question text 'When will you be holding your next AGM?'. At the bottom is a blue button labeled 'SUBMIT ANOTHER QUESTION'.

3. Downloads

View relevant documentation in the Downloads section.

Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising the remaining voting time. If you have not submitted your vote, you should do so now.

At the close of the meeting any votes you have placed will automatically be submitted.

Contact us

Australia

T 1300 554 474

E info@linkmarketservices.com.au

New Zealand

T +64 9 375 5998

E enquiries@linkmarketservices.co.nz

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au


BY MAIL

Noumi Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Noumi Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am (Sydney Time) on Wednesday, 17 August 2022** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://meetings.linkgroup.com/NOUEGM2022> (refer to details in the Virtual Meeting Online Guide).

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

For Against Abstain*

- 1 Approval for the sale of shares in Australian Fresh Milk Holdings



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Sydney Time) on Monday, 15 August 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Noumi Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

or

Level 12
680 George Street
Sydney NSW 2000

*During business hours Monday to Friday (9:00am - 5:00pm)