



Australian Dairy Nutritionals Group

Growing Local, Going Global

Extraordinary General Meeting of Shareholders

18 February 2021





Welcome

Agenda



Welcome

CEO Presentation

Consideration of Items of Business per Notice of Meeting

- Resolution 1: Ratification of issue of Tranche 1 Securities under the Placement
- Resolution 2: Approval of Proposed Issue of Tranche 2 Securities under the Placement
- Resolution 3: Ratification of Securities issued in respect of the Acquisition of the Blend & Pack Line
- Resolution 4: Approval of Proposed Issue of Securities in respect of the Acquisition of the Blend & Pack Line
- Resolution 5: Withdrawn
- Resolution 6: Approval of Proposed Placement to Directors
- Resolution 7: Approval of Proposed Issue of Options to Lead Manager

Questions

Close

Zoom Meeting

Securityholders can listen to the meeting via Zoom with the following details:

www.zoom.us

Join a Meeting

Meeting ID or Personal Link Name

Join

<https://us02web.zoom.us/join/923944>

Passcode: 923944

Join a meeting from an H.323/SIP room system

Note: Securityholders cannot vote or ask questions through the Zoom platform during the Meeting



CEO Presentation

Capital Raising – Placement, SPP & Director Placement

- Capital raising process commenced in December 2020 comprising Placement to sophisticated investors, SPP and Director Placement
- **Placement:** AHF accepted subscriptions from sophisticated investors for 108,333,334 new AHF Securities at \$0.06 per security, raising \$6.5 million before costs, subject to approval of Resolution 2
- **SPP:** AHF's Security Purchase Plan (**SPP**) closed on 10 February 2021 and raised \$1.03 million through the issue of 16,706,011 new stapled securities
- **Director Placement:** Directors will participate in a separate placement at the same price as the Placement to raise up to an additional \$240,000 subject to approval of **Resolution 6**
- The combined proceeds of the Placement, the Director Placement and the SPP together will raise \$7.77 million (before costs)

Approvals & Use of Funds

Approvals Required

- **Resolution 1** seeks ratification of Tranche 1 of the Placement which completed on 22 December 2020 raising \$3.3 million with the issue of 55,272,898 new stapled securities
- **Resolution 2** seeks approval for tranche 2 of the Placement through the issue of 50,060,436 new stapled securities to raise \$3.18 million
- **Resolutions 3 & 4** seek approval for securities issued and proposed to be issued in relation to the Blend & Pack Line
- **Resolution 7** seeks approval for the issue of 3,000,000 Options to BOEQ who acted as lead manager for the Placement

Use of Funds

- ✓ the acquisition of the Blend & Pack Line and transport to Camperdown, Vic;
- ✓ launch of AHF's two new infant formula brands/ranges Future (Tummy Health) and Ecklin South Organic A2 including a comprehensive marketing and promotion program
- ✓ general working capital purposes

Acquisition of High Speed Blend & Packaging Line

- AHF has secured the right to purchase a high-speed blending and canning line from FA Maker Pty Ltd which includes 2 Bosch fillers for infant formula tins and nutritional powder bags
- High-capacity line with ability to produce in excess of 20 million tins per year. The line will enable AHF in the future to tin or bag its own formula and powder products plus offer external blend and pack services
- AHF has acquired the Line for \$US500,000, 20% will be paid through the issue of AHF securities and the remaining 80% in cash
- 450,068 stapled securities were issued to FA Maker on 18 December 2020 (**Resolution 3**) in part consideration of the purchase price
- AHF is seeking approval to issue up to a further 1,500,000 stapled securities to FA Maker in part consideration of the purchase price (**Resolution 4**)
- AHF has paid \$US300,000 in cash for the Line – a final cash payment of \$US100,000 will be paid when AHF takes ownership of the Line when it arrives in Australia and is cleared for release from the port



Future (Tummy Health) Formula Range Launch in Q4 FY21

AHF will be launching a scientifically developed formula which will position AHF to capture market share in a high-margin product category

Commentary

- ✓ **Unique product range innovation** to be disclosed closer to launch date
- ✓ **Capital-lite product** - produced by a third-party manufacturer enabling AHF to **increase scale**
- ✓ **Paediatric advocacy** to educate consumers on products' point of differentiation/value proposition
- ✓ Following domestic launch, **intend to target key export markets to realise further growth**
- ✓ **Premium, scientifically developed** product expected to achieve retail price points which deliver attractive margins

Product Innovation

- ✓ Matches infants digestive capability in the first 24 months of life
- ✓ Contains prebiotics and probiotics for infant gut development
- ✓ Arachidonic Acid (**ARA**) and Docosahexaenoic (**DHA**) promote brain development
- ✓ Gentle formulation
- ✓ Made with 100% Australian farm fresh milk



Image pixelated for competitive reasons

Ecklin South Organic A2 Infant Formula Launch in Q2 FY22

AHF recent transformation over the past three years has provided the platform for AHF to launch another unique infant formula product

Commentary

- ✓ **Very few producers globally** of organic A2 infant formula, therefore opportunity to **price at a premium**
- ✓ AHF plan to be one of the first producers of organic A2 infant formula using **100% Australian milk sourced from its farms**
 - Gentle on infant tummy
 - Contains prebiotics for infant gut development
 - DHA and ARA promote brain development
- ✓ AHF's new infant formula plant to have a **production capacity of infant formula base 400,000 - 600,000 tins per annum** (relatively small volume compared to the estimated annual sales volume of the Australian infant formula market of 40 million tins per annum¹)
- ✓ Proof of concept and domestic success to open up potential cross-border JV distribution partners



¹ Estimated sales of tins of infant formula in Australian market in calendar year 2019



Business of Meeting

Resolution 1 – Ratification of Issue of Tranche 1 Securities under the Placement

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Securityholders approve, ratify and confirm the prior issue of 55,272,898 Stapled Securities as set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

Proxies for Resolution 1

For: 16,635,809

Open: 1,917,052

Against: 1,774,961

Abstain: 101,277

Business of Meeting

Resolution 2 – Approval of Proposed Issue of Tranche 2 Securities under the Placement

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of up to 53,060,436 Stapled Securities at an issue price of \$0.06 (6 cents) per Stapled Security on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

Proxies for Resolution 2

For: 16,493,142

Open: 1,917,052

Against: 1,824,906

Abstain: 193,999

Business of Meeting

Resolution 3 – Ratification of Securities Issued in respect of the Acquisition of the Blend & Pack Line

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Securityholders approve, ratify and confirm the prior issue of 450,068 Stapled Securities in part consideration of the payment of the purchase price for the acquisition of the Blend & Pack Line as set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

Proxies for Resolution 3

For: 25,129,733

Open: 1,917,052

Against: 1,546,230

Abstain: 39,131

Business of Meeting

Resolution 4 – Approval of Proposed Issue of Securities in respect of the Acquisition of the Blend & Pack Line

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of up to 1,500,000 Stapled Securities in part consideration of the payment of the purchase price for the acquisition of the Blend & Pack Line on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

Proxies for Resolution 4

For: 25,129,733

Open: 1,917,052

Against: 1,546,230

Abstain: 39,131

Business of Meeting



Business of Meeting

Resolution 5 – Withdrawn

Resolution 6 – Approval of Proposed Placement to Directors

“That, for the purpose of Listing Rule 10.11 and for all other purposes, Securityholders approve the issue of up to 4,000,000 Stapled Securities at an issue price of \$0.06 (6 cents) per Stapled Security to Directors and their controlled entities on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

Proxies for Resolution 6

For: 23,452,478

Open: 2,907,052

Against: 2,110,516

Abstain: 162,100

Business of Meeting

Resolution 7 – Approval of Proposed Issue of Options to Lead Manager

“That for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of 3,000,000 Options to Blue Ocean Equities Pty Ltd’s nominee, L39 Pty Ltd on the terms set out in this Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

Proxies for Resolution 7

For: 22,943,049

Open: 2,903,719

Against: 2,749,547

Abstain: 35,831

Business of Meeting



Questions

A background image of a herd of brown cows in a lush green field. The cows are of various shades of brown and are standing in a line, looking towards the camera. The field is filled with tall, green grass. In the background, there are dark green trees and a cloudy sky. The overall lighting is somewhat dim, suggesting an overcast day.

Thank you