



Notice of Annual General Meeting

The Annual General Meeting of the shareholders of **Australian Dairy Nutritionals Limited** (ACN 057 046 607) and the Annual General Meeting of unit holders of the **Australian Dairy Farms Trust** (ARSN 600 601 689) will be held at:

In Person:	Watershed Funds Management, Level 22, 459 Collins Street, Melbourne VIC 3000
Online:	Zoom Meeting ID: 883 8580 2234 Password: 964175
Date:	Thursday, 24 November 2022
Time:	1:00pm (MELBOURNE TIME)

This notice of Annual General Meeting should be read in its entirety. If Securityholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting. Please contact the Company Secretary on +61 3 8692 7284 or shareholders@adnl.com.au if you wish to discuss any matter concerning the Meeting.

Australian Dairy Nutritionals Limited and Australian Dairy Farms Trust (together the “Group”)

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the shareholders of Australian Dairy Nutritionals Limited (**Company**) will be held in conjunction with the annual general meeting of unit holders of the Australian Dairy Farms Trust (together the **Australian Dairy Nutritionals Group**).

The Meeting will be held at 1.00pm (Melbourne time) on Thursday, 24 November 2022 via the following options:

- **in person** at Watershed Funds Management, Level 22, 459 Collins Street, Melbourne VIC 3000; and
- **online** via Zoom with the following access code and password:

Zoom Meeting ID: 883 8580 2234

Password: 964175

If you access the Meeting online, you should be aware that your participation will be limited to watching, listening and asking questions. You will not be able to vote online at the Meeting. Accordingly, if you want to vote and cannot attend in person you should appoint a proxy as set out below.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Securityholders are urged to vote by attending the Meeting or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than **1:00pm (Melbourne time) on Tuesday 22nd November 2022**. Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in section 13 of the Explanatory Memorandum.

Agenda

ANNUAL REPORT

To receive and consider the financial statements of the Group and the reports of the Directors and Auditors for the financial year ended 30 June 2022.

RESOLUTION 1 REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth), the Remuneration Report set out in the Directors’ Report for the financial year ending 30 June 2022 be adopted.”

Please note that this resolution is advisory only and does not bind the Group or the Directors.

A voting exclusion statement is set out below.

RESOLUTION 2 RE-ELECTION OF DIRECTOR - BERNARD KAVANAGH

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Bernard Kavanagh who, having been appointed by the Board on 21 June 2022, retires in accordance with Article 49(d) of the Company’s Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director, be elected as a Director.”

RESOLUTION 3 RE-ELECTION OF DIRECTOR - ADRIAN ROWLEY

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Adrian Rowley, who retires from office in accordance with Article 49(b)(i) of the Company’s Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election, to be elected as a Director.”

RESOLUTION 4 RATIFICATION OF PLACEMENT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, Securityholders approve, ratify and confirm the prior issue of 42,503,864 Stapled Securities pursuant to Listing Rule 7.1 on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

A voting exclusion statement is set out below.

RESOLUTION 5 APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

“That, for the purposes of Listing Rule 7.1A, the issue of Equity Securities (as that term is defined in the Listing Rules), totalling up to 10% of the issued capital of the Group at the time of the issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 be approved.”

A voting exclusion statement is set out below.

RESOLUTION 6 APPROVAL TO UNSTAPLE THE COMPANY AND TRUST

To consider, and if thought fit, to pass with or without amendment the following as a **special resolution**:

“That pursuant to the Stapling Deed and Constitution and for all other purposes, Securityholders approve the unstapling of the Shares in the Company from the units in the Trust.”

RESOLUTION 7 APPROVAL OF AMENDMENTS TO CONSTITUTION

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

“Pursuant to rule 86 of the Constitution and section 136(1) of the Corporations Act, and conditional upon Resolution 6 being passed, that, with effect from the Unstapling Date, the Constitution of the Company be amended as set out in the amended Constitution available on the Company's website in mark-up at <https://adnl.com.au/investor-centre>. A summary of the amendments is provided in the Explanatory Memorandum.”

RESOLUTION 8 APPROVAL OF ISSUE OF SECURITIES UNDER 2022 INCENTIVE PLAN

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2 (Exception 13) and sections 259B(2) and 260C(4) of the Corporations Act, and conditional upon Resolution 6 being passed, with effect from the Unstapling Date, the 2022 Incentive Plan as described in section 10 of the Explanatory Memorandum, and the grant of and issue of all securities under that Plan on the terms and conditions set out in the Explanatory Memorandum, are approved.”

A voting exclusion statement is set out below.

RESOLUTION 9 ISSUE OF PERFORMANCE RIGHTS TO BERNARD KAVANAGH UNDER THE COMPANY'S INCENTIVE PLAN

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Securityholders approve for the purposes of Listing Rule 10.14, the issue of 1,000,000 Performance Rights under the Company's Incentive Plan to Bernard Kavanagh, subject to achievement of specific performance conditions set by the Board, on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 10 ISSUE OF PERFORMANCE RIGHTS TO MARTIN BRYANT UNDER THE COMPANY'S INCENTIVE PLAN

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Securityholders approve for the purposes of Listing Rule 10.14, the issue of 1,000,000 Performance Rights under the Company's Incentive Plan to Martin Bryant, subject to achievement of specific performance conditions set by the Board, on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 11 ISSUE OF PERFORMANCE RIGHTS TO ADRIAN ROWLEY UNDER THE COMPANY'S INCENTIVE PLAN

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Securityholders approve for the purposes of Listing Rule 10.14, the issue of 1,000,000 Performance Rights under the Company's Incentive Plan to Adrian Rowley, subject to achievement of specific performance conditions set by the Board, on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 12 ISSUE OF PERFORMANCE RIGHTS TO JASON DONG UNDER THE COMPANY'S INCENTIVE PLAN

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Securityholders approve for the purposes of Listing Rule 10.14, the issue of 1,000,000 Performance Rights under the Company's Incentive Plan to Jason Dong, subject to achievement of specific performance conditions set by the Board, on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 13 SECTION 195 APPROVAL (REGARDING ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS)

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That pursuant to and in accordance with section 195(4) of the Corporations Act and for all other purposes, Securityholders approve the transactions contemplated in Resolutions 13 - 16 inclusive.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Resolution	Persons Excluded from Voting
Resolution 1 Remuneration Report (Non-Binding)	<p>In accordance with section 250R(4) of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of the following persons (Excluded Person):</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such member, regardless of the capacity in which the vote is cast. <p>The Company will not disregard a vote made on Resolution 1 by an Excluded Person as proxy if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and either:</p> <ul style="list-style-type: none"> a) the Excluded Person is appointed as a proxy in writing that specifies the way the proxy is to vote on this Resolution; or b) the Excluded Person is the Chair who has been appointed as a proxy for a person entitled to vote and the appointment of the Chair: <ul style="list-style-type: none"> i. does not specify the way the proxy is to vote on this Resolution; and ii. expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 4 Ratification of Placement	IJ Funds Management Pty Ltd ACN 632 345 905 as trustee for Dairy Investment Trust and its associates.
Resolution 5 Approval of 10% Placement facility	The Group will disregard any votes cast in favour of this Resolution by any person who is expected to participate in the issue of equity securities under this resolution and any person who will obtain a material benefit if this resolution is passed, except a benefit solely by reason of being a holder of ordinary

	securities in the Group, and any Associates of those persons. However, as at this time the Group has no proposal to issue any securities under Listing Rule 7.1A.2, no persons are excluded.
Resolution 8 Approval of issue of securities under 2022 Incentive Plan	<p>The Group will disregard any votes cast in favour of the Resolution by or on behalf of:</p> <ul style="list-style-type: none"> a) an Eligible Employee, but excluding all Directors who are ineligible to participate in the Amended Incentive Plan; and b) any Associate of such an Eligible Employee.
Resolutions 9 to 12 Approval of Performance Rights	<p>In accordance with section 250BD of the Corporations Act, the Company will disregard any votes cast as proxy on Resolutions 9 to 12 by any of the following persons (Excluded Person):</p> <ul style="list-style-type: none"> a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or b) a Closely Related Party or Associate of such member, unless either: c) the Excluded Person is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolutions 9 to 12; or d) the Excluded Person is the Chair who has been appointed as a proxy for a person entitled to vote and the appointment of the Chair: <ul style="list-style-type: none"> i. does not specify the way the proxy is to vote on the Resolution; and ii. expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. <p>Further pursuant to Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolutions 9 to 12 by or on behalf of:</p> <ul style="list-style-type: none"> c) a Director of the Company d) an Associate of a Director of the Company; or

e) a person whose relationship with the Company, or a Director of the Company or an Associate of a Director of the Company, is such that, in ASX's opinion, should be approved by securityholders,

who is eligible to participate in the 2022 Incentive Plan or an Associate of that person.

However, the Company will not disregard a vote in favour of Resolutions 9 to 12 if it is cast by such a person:

f) as a 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

g) as the chair of the meeting as proxy 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

h) as a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Definitions

For the purposes of this voting exclusion statement:

Term	Definition
Associate	has the meaning set out in Chapter 19 of the Listing Rules.
Eligible Employee	a person who is eligible to participate in the Company's Incentive Plan.

Key Management Personnel	means the Directors and those other persons who have authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, as listed in the Remuneration Report.
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Closely Related Party	of a Key Management Personnel means: <ul style="list-style-type: none">• a spouse or child of such a Key Management Personnel;• a dependent of such a Key Management Personnel or of the spouse of such a Key Management Personnel; or• a company such a Key Management Personnel controls.
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By order of the Board of Directors

Kate Palethorpe
Company Secretary
Australian Dairy Nutritionals Group
25 October 2022



Australian Dairy
Nutritionals

EXPLANATORY MEMORANDUM

INTRODUCTION

- This Explanatory Memorandum has been prepared for the information of Securityholders in connection with the business to be conducted at the Meeting to be held at 10:00am (Melbourne time) on Thursday 24th November 2022:
- **in person** at Watershed Funds Management, Level 22, 459 Collins Street, Melbourne VIC 3000; and
- **online via Zoom with** the following access code and password:

Zoom meeting ID: 821 9182 5159

Zoom meeting password: 666329

The purpose of this Explanatory Memorandum is to provide information to Securityholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

1	ACTION TO BE TAKEN BY SECURITYHOLDERS.....	12
2	ANNUAL REPORT	13
3	RESOLUTION 1 - REMUNERATION REPORT	14
4	RESOLUTION 2 - RE-ELECTION OF BERNARD KAVANAGH.....	14
5	RESOLUTION 3 - RE-ELECTION OF ADRIAN ROWLEY	15
6	RESOLUTION 4 - RATIFICATION OF PLACEMENT.....	17
7	RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY	18
8	RESOLUTION 6 - APPROVAL TO UNSTAPLE THE SHARES AND THE UNITS IN THE TRUST	24
9	RESOLUTION 7 - AMENDMENTS TO THE CONSTITUTION OF THE COMPANY.....	26
10	RESOLUTION 8 - APPROVAL OF 2022 INCENTIVE PLAN	27
11	RESOLUTIONS 9 to 12 - APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS	30
12	RESOLUTION 13 - SECTION 195 APPROVAL (RE THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS).....	36
13	DEFINITIONS.....	36
	SCHEDULE 1 - SUMMARY OF KEY TERMS OF SUBSCRIPTION AGREEMENT	40
	SCHEDULE 2 - SUMMARY OF KEY AMENDMENTS TO CONSTITUTION.....	42

SCHEDULE 3 - SUMMARY OF KEY TERMS OF THE 2022 INCENTIVE PLAN.....	43
SCHEDULE 4 - SUMMARY OF KEY TERMS OF THE EXISTING INCENTIVE PLAN	48

A Proxy Form is located at the end of the Explanatory Memorandum.

Please contact the Company Secretary on +61 3 8692 7284 or shareholders@adnl.com.au if you wish to discuss any matter concerning the Meeting.

1 ACTION TO BE TAKEN BY SECURITYHOLDERS

Securityholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.1 Proxies

All Securityholders are invited and encouraged to attend the Meeting. The meeting will be held at Watershed Funds Management, Level 22, 459 Collins Street, Melbourne VIC 3000. If a Securityholder does not attend the Meeting in person, they can access the Meeting online via the Zoom meeting platform with the following details:

Zoom Meeting ID: 883 8580 2234

Password: 964175

Securityholders who access the Meeting online should be aware that you will be limited to watching and hearing the Meeting only and you will not be able to vote online or ask questions online at the Meeting.

Securityholders who cannot attend the Meeting in person can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Group in accordance with the instructions on the Proxy Form. The Group encourages Securityholders completing a Proxy Form to direct the proxy how to vote on each resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 1:00pm (Melbourne time) on **Tuesday 22nd November 2022**. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form and the question form may be lodged in the following ways:

Online	www.linkmarketservices.com.au
By Mail	C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235
By Facsimile	+61 2 9287 0309

Securityholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.2 Corporate representatives

Securityholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Group:

- via email at shareholders@adnl.com.au; and/or

- via the registry,
in advance of the Meeting.

An appointment of corporate representative form is available from the website of the Group's securities registry (www.linkmarketservices.com.au).

1.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Securityholders are those persons who are the registered holders of Stapled Securities at 7:00pm (Melbourne time) on Tuesday 22nd January 2022.

1.4 Voting by poll

The vote on each resolution set out in this Notice will be decided on a poll. In a resolution determined by poll, you (or your proxy) have one vote for each Stapled Security held. On a poll, you do not need to exercise all of your votes in the same way and you do not need to cast all your votes.

2 ANNUAL REPORT

There is no requirement for Securityholders to approve the Annual Report.

Securityholders will be offered the opportunity to:

- discuss the Annual Report for the financial year ended 30 June 2022 which is available on the Company's website at <http://adnl.com.au/investor-centre> or the ASX platform at www.asx.com.au; and
- ask questions about or make comment on the management of the Company and the Group.

The chair of the Meeting will allow reasonable opportunity for the Securityholders to ask the auditor or the auditor's representative questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- the content of the auditor's report to be considered at the Meeting; and
- the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Group's registered office or via shareholders@adnl.com.au.

3 RESOLUTION 1 - REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's Annual Report (see pages 14 to 18).

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2022.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Securityholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The chair will give Securityholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Pursuant to the Corporations Act, if 25% or more of votes that are cast are against the adoption of the Remuneration Report at two consecutive annual general meetings, a resolution will be proposed to Securityholders at the second of those annual general meetings that a further meeting is held within 90 days of that annual general meeting at which all of the Company's Directors will vacate their office and resolutions to appoint the Company's Directors will be voted on. At the last annual general meeting of the Company, the 25% threshold was not met, so this spill meeting cannot be called after this Meeting.

The chair intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

4 RESOLUTION 2 - RE-ELECTION OF BERNARD KAVANAGH

4.1 Introduction

Article 48(b) of the Constitution provides that the Board may (subject to article 48(a)) appoint any person as a Director.

Article 49(d) of the Constitution provides that a Director appointed pursuant to article 48(b) must retire at the next annual general meeting occurring after that appointment and is eligible for re-election at that meeting.

4.2 Bernard Kavanagh

In accordance with article 49(d) of the Constitution, Bernard Kavanagh, who was appointed as a Director by the Board on 21 June 2022, retires from office at the Meeting and offers himself for re-election.

Mr Kavanagh is a highly skilled director who brings a wealth of dairy and agriculture industry skills and experience to the Board and the Group. He is also an experienced listed company Executive and Director.

Until 2016 he was a senior executive with Saputo Inc., a top 10 global dairy company holding the positions of Vice-President - Dairy Divisions International and General Manager - Corporate Development. Prior to this, he held several senior executive positions over 30 years at Warrnambool Cheese and Butter Co Ltd including Chief Financial Officer, Company Secretary, General Manager - Strategy & Growth and Executive Director.

He has significant listed company Executive and Board experience including mergers and acquisitions, capital raising, strategic global supply arrangements as well as strategy development and oversight. More recently he lead the oversubscribed IPO of Ketone Dairy Corporation (ASX: KTD) on the ASX as Chairman.

Mr Kavanagh has a Bachelor of Commerce from Deakin University and is a Fellow of both the Institute of Company Secretaries and Administrators and the Australian Institute of Company Directors.

4.3 Directors' Recommendation

The Board (excluding Bernard Kavanagh) recommends that Securityholders vote **IN FAVOUR** of Resolution 2.

5 RESOLUTION 3 - RE-ELECTION OF ADRIAN ROWLEY

5.1 Introduction

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. Furthermore, Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

Article 49(a) of the Constitution requires that a Director (excluding the managing director or an alternate director) must retire no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. Article 49(b) further provides that, if no director is required to retire under article 49(a) but the Listing Rules require an election of Directors (as they do), the Director to retire at the meeting is the Director who wishes to retire and offers himself or herself for re-election, otherwise it is:

- (a) the Director who has held office as a Director the longest period of time since his or her last election or appointment to that office; or
- (b) if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.

Article 49(d) of the Constitution further provides that a Director appointed pursuant to article 48(b) must retire at the next annual general meeting occurring after that appointment and is eligible for re-election at that meeting, but, is not to be taken into account in determining the number of Directors who are to retire pursuant to article 49(b).

5.2 Directors required to retire at the Meeting

None of the directors of the Company are required to retire pursuant to article 49(a) of the Constitution. Bernard Kavanagh was appointed by the Board on 21 June 2022 and therefore, pursuant to article 49(d) of the Constitution is required to retire and, will offer himself for re-election at the Meeting. As noted in section 4.1 above, article 49(d) of the Constitution states that Mr Kavanagh's resignation cannot be taken into account in determining the number of Directors who are to retire at the Meeting pursuant to article 49(b).

Adrian Rowley was re-elected as a director on 29 November 2018, and therefore, has held office for the longest period since his last election. In accordance with article 49(b)(i) of the Constitution, Adrian Rowley has agreed to retire from office at this Meeting and, being eligible for re-election, offer himself for re-election as a Director.

5.3 Adrian Rowley

Adrian Rowley was first elected to the Board on 20 July 2011. As a long-standing independent director, Mr Rowley has significant knowledge and experience of the Group's operations and corporate structure. He is a Responsible Person for the Australian Financial Services License (AFSL) held by the Australian Dairy Farms Trust (ADFT). It is a condition of ADFT's AFSL that he remains a director of Dairy Fund Management Ltd (DFML), the responsible entity of ADFT. If Mr Rowley resigns as a director of DFML then the Group must notify ASIC and ASIC may review the qualifications and competency of the remaining directors and Responsible Persons to determine if DFML is entitled to continue to hold the AFSL.

Mr Rowley brings a wealth of knowledge and experience to the Board in relation to capital markets strategy, investor management and financial services, built during his career in financial services spanning over 20 years. He is Co-Founder and Chief Investment officer of Watershed Funds Management (WFM). WFM manage over \$1 billion of client funds across multiple asset classes and markets. Mr Rowley is also the lead Portfolio Manager for the Watershed Australian Share SMA and Income SMA, chair of the Asset Allocation committee and a member of the International Share and Emerging Leaders Investment teams.

5.4 Directors' Recommendation in relation to Resolution 3

The Board (excluding Adrian Rowley) recommends that Securityholders vote **IN FAVOUR** of Resolution 3.

6 RESOLUTION 4 - RATIFICATION OF PLACEMENT

6.1 Introduction

Resolution 4 seeks Securityholder approval to ratify the issue of 42,503,864 Stapled Securities (**Placement Securities**) pursuant to a private placement to IJ Funds Management Pty Ltd announced on 10 March 2022 (**Placement**).

The proceeds of the Placement will be applied toward:

- (a) expansion of the Group's distribution network in Asia as well as marketing and promotional activities in this region;
- (b) support the Group's investment in inventory to support ranging of both the future and organic A2 infant formula ranges in Chemist Warehouse; and
- (c) general working capital and transaction costs.

6.2 ASX Listing Rules

ASX Listing Rule 7.1 (subject to certain exceptions, none of which are relevant here) requires the prior approval of the shareholders for an issue of equity securities if those equity securities will, when aggregated with the equity securities issued by the Group during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12-month period (**Placement Capacity**).

ASX Listing Rule 7.4 provides that, an issue of equity securities by an entity made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and approval of its ordinary shareholders is subsequently obtained.

The issue of 42,503,864 Stapled Securities pursuant to the Placement did not breach ASX Listing Rule 7.1 at the time of issue as the issue was within the Placement Capacity. Ratification of the issue and allotment of the Placement Securities is sought to refresh the Group's Placement Capacity as a result of issue of the Placement Securities.

6.3 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided about the issue:

- (a) 42,503,864 Stapled Securities were issued under the Group's Listing Rule 7.1 capacity on the following dates:

Date	No. of Stapled Securities Issued
31 March 2022	15,455,951 Stapled Securities
5 May 2022	7,727,945 Stapled Securities
3 June 2022	19,319,938 Stapled Securities

- (b) the Stapled Securities were issued at \$0.0647 (6.47 cents) per Stapled Security.
- (c) the securities issued are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (d) the Stapled Securities were allotted and issued to IJFM, which is a sophisticated investor within the meaning of sections 708(8) of the Corporations Act without disclosure pursuant to section 708 of the Corporations Act.
- (e) the funds raised from the issue will be used as set out in section 6.1 above;
- (f) the material terms of the subscription agreement pursuant to which the Placement occurred are summarised in Schedule 1.
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 4.

6.4 Directors' recommendation

Failure to ratify the issue of the Placement Securities would result in the Group being unable to maximise business opportunities by proceeding with a further issue of equity securities within the next 12-month period. Any delay associated with obtaining shareholder approval means that the Company cannot act in an opportunistic manner and potentially puts any such raising at risk through the approval period.

The Board unanimously recommends that Securityholders vote **IN FAVOUR** of Resolution 4.

7 RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

7.1 General

The Group seeks Securityholder approval to issue Equity Securities up to 10% of its issued securities capital through placements over a 12-month period following Securityholder approval (**Placement Facility**). The exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in

accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 9.3(a) below) and the calculations in the examples below.

The effect of Resolution 5 being passed will be to allow the Directors to issue Equity Securities up to 10% of the Group's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after this Meeting, without subsequent Securityholder approval and without using the Group's 15% annual placement capacity under Listing Rule 7.1.

If Resolution 5 is not passed, the Group will not be able to access the additional 10% Placement Capacity and will remain subject to the 15% limit on issuing Equity Securities without Securityholder approval set out in Listing Rule 7.1. If the Group then needs to issue additional Equity Securities it will need to call a Securityholder meeting to seek that approval, attracting the relevant costs and time delay and associated risks from that delay.

Resolution 5 is a special resolution and therefore requires approval of at least 75% of the votes cast by Securityholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Securityholder, by a corporate representative).

7.2 Directors' recommendation

The Board unanimously recommends that Securityholders vote in favour of Resolution 5. This will allow the Group flexibility to issue securities and raise funds whilst preserving the Group's 15% annual limit permitted by Listing Rule 7.1. This is particularly important for small companies and is why Listing Rule 7.1A was implemented.

7.3 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued securities capital through placements over a 12-month period following Securityholder approval by way of a special resolution. The Placement Facility is in addition to the Group's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Group is currently an eligible entity as it is not included in the S&P/ASX 300 Index and as at 14 October 2022 has a market capitalisation of \$38,729,785 based on a price of \$0.07 per Stapled Security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Group currently has one class of quoted Equity Securities, being fully paid ordinary shares in the capital of the Company stapled to fully paid ordinary units in the Trust (ASX Code: AHF).

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

“A” the number of securities on issue 12 months before the date of issue or agreement:

- (A) plus, the number of fully paid ordinary securities issued in the previous 12 months under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- (B) plus, the number of partly paid ordinary securities that become fully paid in the 12 months;
- (C) plus, the number of fully paid ordinary securities issued in the previous 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
- (D) plus, the number of fully paid ordinary securities issued in the previous 12 months under an agreement to issue securities within Listing Rule 7.3 exception 16 where:
 - the agreement was entered into before the commencement of the previous 12-month period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
- (E) plus, the number of fully paid ordinary securities issued in the 12 months with approval of holders of securities under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid securities under the entity’s 15% placement capacity without Securityholder approval;
- (F) less the number of fully paid ordinary securities cancelled in the 12 months.

“D” is 10%

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Securityholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The Group did not seek approve to issue any Stapled Securities under Listing Rule 7.1A at the 2021 AGM held on 20 January 2022 therefore, the Group currently has no capacity to issue Equity Securities under Listing Rule 7.1A.

If Securityholders approve Resolution 5 the Group will have capacity to issue a total of 55,328,222 Equity Securities under Listing Rule 7.1A as at the date of the Meeting (assuming no further issues of Stapled Securities between the date of this Notice of Meeting and the date of the Meeting).

7.4 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The Equity Securities may be issued under the Placement Capacity commencing the date of this Meeting and expiring on the first to occur of the following:
 - (i) 12 months after the date of this Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the date of approval by Securityholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking), (after which date, an approval under Listing Rule 7.1A ceases to be valid),
or such longer period if allowed by ASX.
- (b) Under Listing Rule 7.1A.3, Equity Securities issued using the Placement Facility must be issued at a price not less than 75% of the VWAP for the Group's Equity Securities in that class, calculated over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (c) The Equity Securities may be issued for cash consideration only, in which case the Group intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), and expenditure on the Group's current assets and/or general working capital. The Group will comply with the disclosure obligations under Listing Rule 7.1A(4) upon issue of any Equity Securities, being that it must:
 - (i) state in its announcement of the proposed issue under Listing Rule 3.10.3 or in its application for quotation of the Equity Securities under Listing Rule 2.7 that the Equity Securities are being issued under Listing Rule 7.1A; and
 - (ii) give to the ASX immediately after the issue a list of names of the persons to whom the Equity Securities were issued and the number of Equity Securities issued to each. This list will not be released to the market.
- (d) There is a risk of economic and voting dilution to existing Securityholders in approving the Placement Facility, including the risk that:
 - (i) the market price for the Group's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Securityholders' approve the Placement Facility (being the date of this Meeting); and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Group's Equity Securities on the issue date or issued for non-cash consideration for the acquisition of a new asset.

The following is a table that sets out the potential dilution of existing Securityholders if Equity Securities are issued under the Placement Facility:

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.036	\$0.071	\$0.142
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A 553,282,225	10% Voting Dilution	55,328,223	55,328,223	55,328,223
	Funds Raised	\$1,964,152	\$3,928,304	\$7,856,608
50% increase in current Variable A 829,923,338	10% Voting Dilution	82,992,334	82,992,334	82,992,334
	Funds Raised	\$2,946,228	\$5,892,456	\$11,784,911
100% increase in current Variable A 1,106,564,450	10% Voting Dilution	110,656,445	110,656,445	110,656,445
	Funds Raised	\$3,928,304	\$7,856,608	\$15,713,215

The table has been prepared on the following assumptions:

- The Group issues, or agrees to issue, the maximum number of Equity Securities available under the Placement Facility.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued security capital at the time of issue. Therefore, the voting dilution is shown in each example as 10%.
- The issue of Equity Securities under the Placement Facility consists only of Stapled Securities.
- The current number of Stapled Securities on issue is the Stapled Securities on issue as at 14 October 2022.
- The issue price is \$0.071, being the closing price of Stapled Securities on 14 October 2022.

The table does not show an example of dilution that may be caused to a particular Securityholder by reason of placements under the Placement Facility, based on that Securityholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Securityholders should note that there is a risk that:

- the market price for the Equity Securities may be significantly lower on the issue date than on the date of this Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

- (e) The Group is yet to identify the persons to whom Equity Securities will be issued to under the Placement Facility. The Group's policy for allocating

Equity Securities issued under the Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:

- (i) the fundraising methods available to the Group, including but not limited to, rights issue or other issues which may minimise dilution to Securityholders.
- (ii) in the case of an asset or investment acquisition, the nature and circumstances of the acquisition, including the need for certainty of funding and timely execution.
- (iii) the effect of the issue of the Equity Securities on the control of the Group.
- (iv) the financial situation and solvency of the Group.
- (v) advice from corporate, financial and broking advisers (if applicable).
- (f) The Group has not issued any Equity Securities in the 12 months preceding the date of the Meeting under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice.
- (h) At the date of the Notice, the Group has not approached any existing Securityholder or an identifiable class of existing Securityholder to participate in the issue of the Equity Securities, and no existing Securityholder's votes will be excluded under the voting exclusion in the Notice.

7.5 Directors' Recommendation

The Board recommends that Securityholders vote **IN FAVOUR** of Resolution 5.

8 RESOLUTION 6 - APPROVAL TO UNSTAPLE THE SHARES AND THE UNITS IN THE TRUST

8.1 Introduction

Clause 8.1(a) of the Stapling Deed states that all units in the Trust and all Shares will remain stapled to each other for as long as the Stapled Securities remain on issue, unless otherwise determined by a special resolution of both the shareholders of the Company and the unitholders of the Trust (or unless stapling becomes unlawful or prohibited by the ASX Listing Rules).

The Board proposes that each Share of the Company is unstapled from each unit in the Trust, as permitted by clause 8.1 (a) of the Stapling Deed (**Unstapling**). This is on the basis that the complexity and cost of the Stapled Security structure outweighs any taxation or other benefits associated with the Stapled Security structure. In particular, the Stapled Security structure:

- provides unnecessary complexity to the Group corporate structure requiring increased administrative resource and cost;
- imposes significant additional compliance on the Group as the Australian Dairy Farms Trust is a registered managed investment scheme required to hold an Australian Financial Services License;
- imposes additional cost on the Group including accounting, financial reporting, audit and insurance costs, noting that insurance costs alone currently amount to \$65,000 per annum; and
- is a structure that is not readily understood by securityholders.

If this Resolution 6 is approved, the Board expects that the unstapling of the Stapled Securities will occur within 7 to 14 days of the date of the Meeting (**Unstapling Date**), subject to finalization of timelines with ASX.

Following the Unstapling Date, Shares in the Company will continue to trade on the ASX, but units in the Trust will cease trading on the ASX. The units of the Trust will therefore no longer be liquid securities.

8.2 Steps to be taken after the Unstapling

Subject to the approval and completion of the Unstapling, the Directors intend to (in the following order):

- (a) wind up the Registered Scheme and the Trust;
- (b) cancel the Australian Financial Services Licence held by the Responsible Entity; and
- (c) voluntarily deregister the Responsible Entity.

The Directors estimate that this process will take several months to complete.

In accordance with clause 25.4 of the Trust deed, on a winding up of the Trust, the trustee must, amongst other things, distribute the net proceeds amongst the holders of units in the Trust pro rata to the number of units they hold on the date of the winding up.

The only current asset of the Trust is an intergroup loan (i.e. a loan from the Trust to the Company) which will be forgiven as part of the process of winding up the Trust and the Registered Scheme. All of the assets of the Group are currently under the control of the Company. It is therefore not expected that there will be any distribution to unit holders of the Trust as a result of the winding up of the Trust.

A Class Ruling is being sought from the ATO to confirm that, in particular:

- The Unstapling will not give rise to adverse income tax implications for the unitholders of the Trust; and
- The winding up of the Trust will result in a capital loss for the unitholders on the expectation that there will not be a distribution to the unitholders of the Trust as a result of the winding up.

The Class Ruling, if issued, will apply to Australian tax resident unitholders who hold Trust units on capital account.

The Class ruling, if issued, will be made available in due course on the Company's website, but this is not expected until after the date of the AGM.

No adverse tax consequences are expected to arise for the Company in relation to the proposed Unstapling and winding up of the Trust.

8.3 No impact on aggregate value of equity securities

The Directors expect that there will be no material impact on the aggregate value of the equity securities held by the Group as a result of the unstapling. The Shares are expected to trade at a similar price to the Stapled Securities, given that the Company will hold all of the assets of the Group once the intergroup loan (described above) is forgiven.

8.4 Directors' Recommendation

The Board recommends that Securityholders vote **IN FAVOUR** of Resolution 6.

9 RESOLUTION 7 - AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

9.1 Introduction

As part of this Unstapling process described in Resolution 6, the Company intends to modify its constitution to remove references to Stapled Securities.

Rule 87 of the Company's constitution states that when stapling applies, the consent of the stapled entities (i.e. the Company and the Trust) must be obtained regarding any modification to the constitution which directly affects the terms on which Shares are stapled.

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by a special resolution of shareholders. A special resolution must be passed by at least 75% of the votes cast by shareholders who are entitled to vote on the resolution.

Resolution 7 is a special resolution, which is conditional upon Resolution 6 being passed, which will enable the Company to adopt proposed amendments to its constitution (**Amended Constitution**). The proposed amendments reflect:

- (a) the unstapling of the Company's Shares from the units in the Trust; and
- (b) the recent amendments to the Corporations Act in relation to the holding of meetings, and the desire of the Board to clarify the relevant provisions in the Constitution. The proposed amendments will enable the Company to continue to hold meetings whether physical, hybrid or virtual consistent with the Corporations Act.

The Board considers the proposed amendments in relation to meetings to be in the best interests of shareholders of the Company as the amendments will clarify

procedural rules and details which support the Company's ability to hold meetings online where this would be beneficial and in the interests of shareholders. The Board notes that virtual or hybrid meetings allow a larger number of shareholders to participate in its general meetings, including its AGM, and so increases transparency and inclusivity. However, there is a cost associated with running virtual or hybrid meetings in a manner which satisfies the requirements of the Corporations Act and is practically useful for participants. Nevertheless, the Board's current intention is to seek to hold physical, in-person AGMs where possible alongside virtual meetings.

The Amended Constitution is available on the Company's website in the Corporate Governance section at <http://adnl.com.au/corporate-documents/>, and the key amendments are summarised in Schedule 2.

9.2 Directors' Recommendation

The Board recommends that Securityholders vote **IN FAVOUR** of Resolution 7.

10 RESOLUTION 8 - APPROVAL OF 2022 INCENTIVE PLAN

10.1 Introduction

As noted above, if Resolution 6 is approved by Securityholders, the Group will unstack shares in the Company from units in the Trust. From the Unstacking Date, shares in the Company will continue to trade on the ASX, but not the Units in the Trust. As part of the Unstacking, the Company intends to introduce the 2022 Incentive Plan, being an amended version of the Existing Incentive Plan which reflects the changes resulting from the Unstacking.

Resolution 8 is an ordinary resolution which will enable the Company to issue Performance Securities (as defined below) under the 2022 Incentive Plan effective from the Unstacking Date without any impacts on the Group's Placement Capacity (in accordance with Listing Rule 7.2 (Exception 13)) and without the risk of being in breach of sections 259B and 260C(4) of the Corporations Act.

The Existing Incentive Plan and the 2022 Incentive Plan are available on the Company's website in the Corporate Governance section at <http://adnl.com.au/corporate-documents/>. The material differences between the Existing Incentive Plan and the 2022 Incentive Plan are the:

- (a) replacement of references to the Group with references to the Company;
- (b) replacement of references to Stacked Securities with references to Shares; and
- (c) removal of all references to the Trust, the Trustee and the trust deed.

Effective from the Unstacking Date, the 2022 Incentive Plan would allow the Company to issue various types of LTI Securities (as defined in Schedule 3 of this Explanatory Memorandum) to eligible participants, thereby providing eligible participants with a tangible incentive to participate and contribute to the future

growth of the Company. The 2022 Incentive Plan also assists in attracting and retaining employees by giving eligible participants a direct financial interest in the performance of the Company and closely aligns the interests of those participants with the interests of Securityholders.

On 10 December 2020, the Group's Securityholders approved the Group's Existing Incentive Plan under Listing Rule 7.2 (Exception 13).

Under Exception 13 to Listing Rule 7.2, securities issued under an employee incentive scheme approved by shareholders within the previous 3 years are not counted in reducing an entity's 15% and 10% placement capacities under Listing Rules 7.1 and 7.1A respectively.

The 2022 Incentive Plan is being introduced as a new incentive plan that reflects the changes brought about by the Unstapling i.e. any Shares issued pursuant to the 2022 Incentive Plan will not be stapled to units in the Trust. As this is a new plan, separate to the Existing Incentive Plan, Securityholder approval is required under Exception 13 to Listing Rule 7.2.

After the Unstapling Date, the Company may wish to issue LTI Securities to eligible participants under the 2022 Incentive Plan for the reasons noted above. As such, the terms of the 2022 Incentive Plan need to be approved by Securityholders to enable that LTI Securities can be issued under the 2022 Incentive Plan without using up any of the Group's 15% capacity under Listing Rule 7.1 or 10% limit under Listing Rule 7.1A.

If Resolution 6 (Unstapling) and this Resolution 8 is passed, the Company will be entitled, effective from the Unstapling Date, to issue LTI Securities without shareholder approval under the 2022 Incentive Plan without using up any of the Company's 15% limit under Listing Rule 7.1 or 10% limit under Listing Rule 7.1A.

If Resolution 6 is passed but Resolution 8 is not passed, the Company can still put in place the 2022 Incentive Plan and issue Performance Securities pursuant to it. However, the issue of any Performance Securities would count towards the Company's Placement Capacity, and the Company would not be able to provide financial assistance to participants in the 2022 Incentive Plan.

10.2 Approval for the purposes of the Corporations Act - Financial Assistance

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B; or
- (c) the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides for certain specific instances of exempted financial assistance, including a special exemption for employee share schemes that have been approved by a resolution passed at a general meeting of the company (section 260C(4)).

It is possible that the Financial Assistance that the Company may provide to eligible participants under the terms and conditions of the 2022 Incentive Plan could be determined to be the provision of financial assistance by the Company for the purposes of section 260A of the Corporations Act.

While the Directors do not believe that the provision of this financial assistance will materially prejudice the interests of the Company or its shareholders or the Company's ability to pay its creditors, the Directors have recommended that Securityholders approve the 2022 Incentive Plan to ensure that the 2022 Incentive Plan qualifies for the special exemption under section 260C(4) of the Corporations Act.

10.3 Approval for the purposes of the Corporations Act - Taking security

Section 259B of the Corporations Act provides that a company may not take security over its own shares.

Section 259B(2) of the Corporations Act includes a special exemption to the basic rule that a company may not take security over its own shares for employee share schemes that have been approved by a resolution passed at a general meeting of the company.

It is possible that administration of the 2022 Incentive Plan on behalf of participants under the 2022 Incentive Plan could be determined to be the Company taking security over its own shares for the purposes of section 259B.

Accordingly, the Directors have recommended that the Securityholders approve the 2022 Incentive Plan to ensure that the 2022 Incentive Plan qualifies for the special exemption under section 259B(2) of the Corporations Act.

10.4 Specific information required by Listing Rule 7.2 (Exception 13(b))

For the purpose of Listing Rule 7.2, Exception 13(b), the following information is provided:

- (a) A summary of the terms of the 2022 Incentive Plan is set out in Schedule 3 of this Explanatory Memorandum;
- (b) the maximum number of Equity Securities proposed to be issued under the 2022 Incentive Plan following approval is as yet undetermined, however no more than 27,500,000 Equity Securities will be issued under the Plan over the 3 year approval period, which equates to 5% of the total issued security capital of the Group as at the date of this Notice; and
- (c) a voting exclusion statement is included in the Notice.

10.5 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **IN FAVOUR** of Resolution 8.

11 RESOLUTIONS 9 to 12 - APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

11.1 Company's Incentive Plan

Resolution 8 (above) seeks approval for the purposes of Listing Rule 7.2 (Exception 13) and sections 260C(4) and 259(B) of the Corporations in relation to the 2022 Incentive Plan. A summary of the 2022 Incentive Plan is set out in Schedule 3 and a summary of the Existing Incentive Plan is set out in Schedule 4 of this Explanatory Memorandum. A copy of each of the plans can be found in the Investor Centre on the Group's website at www.adnl.com.au/corporate-documents.

The 2022 Incentive Plan will allow the Company to issue Performance Rights after the Unstapling to eligible participants thereby providing eligible participants with a tangible incentive to participate and contribute to the future Growth of the Company. The 2022 Incentive Plan also assists in attracting and retaining employees by giving eligible participants a direct financial interest in the performance of the Company and closely aligns the interests of those participants with the interests of Securityholders. The Existing Incentive Plan does the same in relation to the Group.

Securityholder approval under Listing Rule 10.14 is sought to issue the Performance Rights to the Directors as set out in Resolutions 9 to 12.

If Resolution 6:

- (a) is passed, the Performance Rights will be issued under the 2022 Incentive Plan,
- (b) not passed, the Performance Rights will be issued under the Existing Incentive Plan.

For ease of reference, the remainder of this section 11 will refer to the Company Incentive Plan, which means:

- (a) the 2022 Incentive Plan, if Resolution 6 is passed; or
 - (b) the Existing Incentive Plan, if Resolution 6 is not passed,
- (Company Incentive Plan).**

For ease of reference, the remainder of this section 11 will refer to the Performance Securities, which means:

- (a) Shares in the Company, if Resolution 6 is passed; or
 - (b) Stapled Securities in the Group, if Resolution 6 is not passed,
- (Performance Securities)**

11.2 Approval requirements

Listing Rule 10.14

Listing Rule 10.14 prohibits an entity from issuing securities to a director of the entity or any associate of a director under an employee incentive scheme without Securityholder approval.

Under the Listing Rules, securities issued under an employee incentive scheme approved by shareholders within the previous 3 years are not counted in reducing an entity's 15% and 10% placement capacities under Listing Rules 7.1 and 7.1A.

Chapter 2E of the Corporations Act - Related party provisions

Chapter 2E of the Corporations Act (as modified by Part 5C.7) prohibits a public company from giving a financial benefit to a related party of the company or giving a financial benefit out of scheme property to a related party by a responsible entity of a registered scheme unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provision, including where the benefit is remuneration to a related party as an officer or employee of the public company or the responsible entity of the registered scheme and to give the remuneration would be reasonable given the circumstances of the public company or the responsible entity of the registered scheme giving the remuneration and the related party's circumstances (including the responsibilities involved in the office or employment); or
- (b) prior Securityholder approval is obtained to the giving of the financial benefit.

The Directors and the directors of the Trustee (excluding the Director the subject of the relevant resolution) consider the Performance Securities given under the Company's Incentive Plan to the relevant Director as specified in the relevant Resolution to be reasonable remuneration given the circumstances of the Group / Company (as applicable) and the relevant Director's responsibilities, such that Securityholder approval is not required under Chapter 2E of the Corporations Act.

11.3 Directors' remuneration and other interests

Details of each Director's remuneration and interest in securities of the Group are listed in section 11.7(d) below.

11.4 Proposed issue of Performance Rights to each Director

Approval of Securityholders is sought to issue the following Performance Rights to the Directors listed in the following table:

Name	Position	No. of Performance Rights	Maximum Performance Securities issued on conversion of the Performance Rights
Bernard Kavanagh	Non-Executive Director of the Company	1,000,000	1,000,000
Martin Bryant	Non-Executive Director of the Company and Trustee	1,000,000	1,000,000
Adrian Rowley	Non-Executive Director of the Company and Trustee	1,000,000	1,000,000
Jason Dong	Non-Executive Director of the Company	1,000,000	1,000,000

11.5 Performance Conditions attached to Performance Rights

The Performance Rights entitle the holder to be issued one Performance Security for each Performance Right, subject to satisfaction of specific Performance Conditions. A Performance Right will only vest where the Performance Condition(s) and any other relevant conditions attached to the Performance Right when granted, have been satisfied (**Vest**).

One (1) Performance Security will be allocated for each Performance Right which has Vested without any further action on the part of the holder.

A summary of the key Performance Conditions attached to the Performance Rights to be issued to the relevant Director is set out below:

Performance Condition (see below)	Number of Performance Rights attached to Performance Condition	Director to whom Performance Condition applies
EBITDA Target	500,000	All
Total Shareholder Return	500,000	All
Service Period	This condition must be satisfied in all cases	All

(a) EBITDA Target

The Group's audited, operating EBITDA for the financial year ending 30 June 2023 is break even or above.

(b) Total Shareholder Return (TSR)

TSR \geq 30 during a defined period during 1 July 2022 to 30 June 2023 (inclusive) where:

TSR is calculated as:

$$\text{TSR} = \frac{A - B + \text{Dividends}}{B}$$

A means the VWAP for all Trading Days during each month during the period from 1 July 2022 to 30 June 2023 (inclusive)

B means the 15 Day VWAP immediately prior to the date of the Meeting.

15 Day VWAP means the volume weighted average market price (as defined in the Listing Rules) for Stapled Securities / Shares (as applicable) calculated over the 15 Trading Days on which trades of Stapled Securities / Shares (as applicable) were recorded.

(c) Service Period

The holder of Performance Rights must be an employee or officer of the Group / Company (as applicable) as at 1 July 2023.

11.6 Corporate governance

The guidelines in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (**Principles and Recommendations**) recognise that it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interest with the interest of other Securityholders / Shareholders (as applicable). However, the Principles and Recommendations suggest that non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision making and compromise their objectivity.

The Principles and Recommendations are not mandatory or prescriptive. The Board has departed from the guidelines for non-executive remuneration in respect of the issue or proposed issue of Performance Securities to non-executive directors and considers that in the circumstances of the Group / Company (as applicable) it is appropriate to do so to attract and retain high calibre and well-credentialed non-executive directors plus, provide tangible incentive to reward their involvement in the continued growth of the Group / Company (as applicable). It also allows the Group / Company (as applicable) to preserve cash resources.

11.7 Information required by Listing Rule 10.15

For the purposes of Listing Rule 10.15, the following additional information is provided about the proposed issue of Performance Rights under the Company's Incentive Plan to the Directors:

- (a) a total of 4,000,000 Performance Rights will be issued to the Directors and each individual Director will receive the number of securities set out in column 2 of the table in section 11.4 above;

- (b) Each Director is a director of the Company and the Trustee (except Jason Dong and Bernard Kavanagh who are not directors of the Trustee) and, is entitled to participate in the Company's Incentive Plan. Each Director falls under the category of persons in Listing Rule 10.14.1;
- (c) Each Performance Right will entitle a Director to be issued one (1) Performance Security, subject to satisfaction of the relevant Performance Conditions. If the relevant Performance Conditions are satisfied, each Performance Security issued on conversion of a Performance Right will be issued on the same terms as ordinary fully paid stapled securities / shares (as applicable). The maximum number of Performance Securities which may be issued to each Director is set out in column 4 of the table in section 11.4.
- (d) Details of each Director's current total remuneration package and Stapled Security interest are as follows:

Director	Salary (excluding superannuation)	Stapled Securities Interests (as at date of Notice of Meeting)		Other security interests
Bernard Kavanagh	\$65,000 1,000,000 Performance Rights (subject to approval of Resolution 9)	Nil		Nil
Martin Bryant	\$75,000 1,000,000 Performance Rights (subject to approval of Resolution 10)	1,500,000 Securities	Stapled	Nil
Adrian Rowley	\$60,000 1,000,000 Performance Rights (subject to approval of Resolution 11)	1,911,000 Securities	Stapled	Nil
Jason Dong	\$60,000 1,000,000 Performance Rights (subject to approval of Resolution 12)	500,000 Securities	Stapled	Nil

- (e) Details of all securities previously issued to each Director under the Existing Incentive Plan are set out in Schedule 5 of this Explanatory Memorandum.
- (f) A summary of the material terms of the Performance Rights is set out in Schedule 3 or Schedule 4 (as applicable) of this Explanatory Memorandum. The Performance Rights will be issued to each Director to provide them with a tangible incentive to contribute to the growth of the Group / Company (as applicable) and focus his efforts on the achievement of the Group /

Company's key operational and strategic objectives for financial year 2023 (reflected in the Performance Conditions attached to the Performance Rights summarised in section 11.5 above). The Performance Rights also give each Director a direct financial interest in the performance of the Group / Company (as applicable) and closely aligns their interests with those of the Securityholders / Shareholders (as applicable).

- (g) It is intended the Performance Rights the subject of Resolutions 9 to 12 will be issued to the relevant Director within 3 months after the date of the Meeting (but not before the Unstapling Date) and in any event no later than 3 years after the date of the Meeting without further Securityholder / Shareholder (as applicable) approval.
- (h) The Performance Rights will be issued to each Director for nil cash consideration and, subject to satisfaction of the relevant Performance Conditions, no cash consideration will be payable upon the conversion of the Performance Rights and subsequent issue of Performance Securities (if any). Accordingly, no funds will be raised from the issue or conversion of the Performance Rights to the Directors.
- (i) Schedule 3 of this Explanatory Memorandum contains a summary of the material terms of the 2022 Incentive Plan and Schedule 4 contains a summary of the material terms of the Existing Incentive Plan. A copy of both plans can also be found on the Company's website at www.adnl.com.au/corporate-documents;
- (j) No loans are applicable to the issue of the Performance Rights to each Director;
- (k) Details of any Performance Rights issued under the Company's Incentive Plan will be published in the annual report of the Group / Company (as applicable) relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (l) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of LTI Securities under the Company's Incentive Plan after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.
- (m) A voting exclusion statement is included in the Notice in respect of this resolution.

11.8 Directors' recommendation

Given their interest in Resolutions 9 to 12, the Directors make no recommendation to Securityholders in relation to voting on Resolutions 9 to 12.

12 RESOLUTION 13 - SECTION 195 APPROVAL (RE THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS)

12.1 Introduction

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

The Directors may have a material personal interest in the outcome of Resolutions 9 to 12.

In the absence of this Resolution 13, the Directors may not be able to form a quorum at directors' meetings necessary to carry out the terms of Resolutions 9 to 12.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

12.2 Directors' recommendation

Given their interest in Resolutions 9 to 12, none of the Directors make a recommendation on Resolution 13.

13 DEFINITIONS

In this Notice and Explanatory Memorandum:

2022 Incentive Plan	means the long term incentive plan that is the subject of Resolution 8, the material terms of which are summarised in Schedule 3.
Annual Report	means the 2022 annual report of the Group.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Group.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).

Company	means Australian Dairy Nutritionals Limited (ACN 057 046 607).
Company's Incentive Plan	has the meaning given in section 11.1.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Eligible Employee	means an employee of the Group (including a director of the Company or Trustee) or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Plan (capitalised terms have the meaning given to them in the Incentive Plan).
Equity Securities	has the same meaning given in the Listing Rules.
Existing Incentive Plan	means the incentive plan of the Group in place as at the date of this Notice, the material terms of which are summarised in Schedule 4.
Explanatory Memorandum	means this explanatory memorandum.
Group	means the Company and the Trust.
Group Entity	means either the Company or any of its subsidiaries.
Incentive Plan	means the Long-Term Incentive Plan approved by the Group's Securityholders at the general meeting held on 10 December 2020.
Key Management Personnel or KMP	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rule	means the listing rules of the ASX.

Loan Security	means an offer to acquire a Share subject to financial assistance provided by the Company pursuant to the Incentive Plan.
LTI Security	means a Share, a Performance Right or an Option offered under the Incentive Plan.
Option	means an option to acquire a Stapled Security or a Share (as applicable), subject to satisfaction of applicable conditions including any Performance Conditions, under the Long Term Incentive Plan.
Performance Right	means a right to acquire a Stapled Security or a Share (as applicable), subject to satisfaction of applicable conditions including any Performance Conditions, under the Long Term Incentive Plan.
Performance Securities	has the meaning given in section 11.1.
Proxy Form	means the proxy form attached to this Notice.
Registered Scheme	means the registered scheme Australian Dairy Farms Trust (ARSN 600 601 689).
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Responsible Entity	means Dairy Fund Management Limited (AFSL ID 498896).
Resolution	means a resolution set out in the Notice.
Securityholder	means a holder of Stapled Securities.
Share	means a fully paid ordinary share in the capital of the Company.
Stapled Security	means a Share stapled to a fully paid ordinary unit in the Trust.
Stapling Deed	means the stapling deed between the responsible entity of the Trust and the Company dated 29 July 2014, as amended from time to time.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Trust	means the Australian Dairy Farms Trust (ARSN 600 601 689).
Trustee	means Dairy Fund Management Limited (ABN 14 140 957 286)
VWAP	means volume weighted average market price as defined in the Listing Rules.

SCHEDULE 1 - SUMMARY OF KEY TERMS OF SUBSCRIPTION AGREEMENT

1. Subscription Agreement

On 9 March 2022 ADNL entered into a subscription agreement with IJ Funds Management Pty Ltd ACN 632 345 905 (IJFM) to raise up to \$4,500,000 (**Subscription Funds**) through the issue of up to 69,551,777 new Stapled Securities at \$0.0647 per security (**Placement**). The issue price of \$0.0647 was in line with the closing price of Stapled Securities at the close of trading on the day prior to the announcement of the Placement, \$0.065 per security.

2. Payment of Subscription Funds

Under the terms of the Placement ADNL was entitled to issue a funding notice requesting payment of the Subscription Funds by IJFM at any time within 60 days after the date of execution of the Subscription Agreement (**Expiry Date**). On receipt of a funding notice IJFM were required to pay the subscription funds to ADNL within 5 days of receipt of the funding notice. If ADNL didn't request the Subscription Funds prior to the Expiry Date then ADNL was deemed to have made a request for the Subscription Funds by the Expiry Date.

3. Amendment to Timing for Payment of the Subscription Funds

On 25 March 2022, ADNL issued a funding notice to IJFM requesting payment of the Subscription Funds within 5 days of the date of the funding notice. On or about 31 March 2022, ADNL and IJFM agreed to amend the terms of the Subscription Agreement such that IJFM would pay \$1,000,000 of the Subscription Funds on 31 March 2022 and the balance by 28 April 2022. ADNL issued 15,455,951 Stapled Securities to IJFM on 31 March 2022 in consideration of the payment of \$1,000,000 by IJFM.

On 29 April 2022, IJFM paid an additional \$500,000 to ADNL and, the parties agreed a further amendment to the Subscription Agreement such that IJFM would endeavour to pay the balance of the Subscription Funds (\$3,000,000) to ADNL by 30 June 2022. ADNL issued 7,727,975 Stapled Securities to IJFM on 5 May 2022 in consideration of IJFM's \$500,000 payment to ADNL.

On 3 June 2022 ADNL issued a further 19,319,938 Stapled Securities to IJFM following payment of a further \$1,250,000 to ADNL by IJFM. No further amounts were advanced by IJFM after this time and the Subscription Agreement expired on 30 June 2022.

4. Total Amounts Raised and Stapled Securities Issued

A total of \$2,750,000 was paid to ADNL by IJFM under the Subscription Agreement and ADNL issued 42,503,864 new Stapled Securities to IJFM under the Placement. The Stapled Securities were issued to IJFM without securityholder approval under the Group's Listing Rule 7.1 Placement facility.

5. Use of Subscription Funds

The proceeds of the Placement were used to fund:

- expansion of the Group's distribution network in Asia as well as marketing and promotional activities in this region;
- support the Group's investment in inventory to support ranging of both the future

and organic A2 infant formula ranges in Chemist Warehouse; and

- general working capital and transaction costs.

5. Consultancy Services in Asia

In conjunction with the Placement, ADNL also engaged IJFM to provide consultancy services to the Group in relation to the expansion of the Group's business in Asia as well as marketing and networking activities in the region. IJFM commenced providing the consultancy services on 1 July 2022 and will continue for a period of 6 months. The Group has agreed to pay IJFM fees of \$46,000 per month in consideration of the provision of the consultancy services.

At the conclusion of the consultancy services the Board expects that IJFM will have assisted the Group with introduction to and establishment of additional distribution arrangements in Asia, advised on logistics and fulfillment and worked with AHF's marketing team to advise on and implement multi-channel marketing and promotional campaigns for the Group's products in China. The agreement contains standard terms for these types of services including termination rights for non-performance.

SCHEDULE 2 - SUMMARY OF KEY AMENDMENTS TO CONSTITUTION

Article Reference	Proposed Amendment/s
1, various	Deleting the definitions that relate to the Group and Stapled Securities (including Attached Security, Attached Security Holder, Stapled, Stapled Entity, Stapled Security Register, Stapling, Trust, Trust RE and Trust Unit) and related provisions in the Constitution in order to reflect the Unstapling.
30, 31 and 45	Updating the Shareholder meetings provisions to allow for meetings to be held virtually in accordance with the recently enacted changes to the Corporations Act that provide for this. The proposed wording reflects the virtual meeting requirements in sections 249L (regarding content of notice of meeting), 249R (regarding how general meetings can be held), 249RA (regarding place and time for virtual meetings) and 249S (regarding providing members with a reasonable opportunity to participate).
60	Amending Article 60 regarding proceedings at directors' meetings to say that directors' meetings can be called or held using any technology consented to by all directors (the consent may be a standing one). This aligns with the new section 248D of the Corporations Act.
70	Amending Article 70 regarding notices by the Company to members to allow for the new requirements in sections 110C - 110J of the Corporations Act (i.e. to address the fact that certain documents must be sent to shareholders in accordance with their elected method for sending).

SCHEDULE 3 - SUMMARY OF KEY TERMS OF THE 2022 INCENTIVE PLAN

1. Purpose

The purpose of the Incentive Plan is to allow the Board to make offers to Eligible Employees to acquire Shares, Performance Rights or Options (each an **LTI Security**) in the Company. Offers of Shares may be made through the provision of financial assistance provided by the Company to the Eligible Employee (**Loan Security**).

2 Eligible Employees

The Incentive Plan is open to employees of the Company, including a director of the Company, or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Incentive Plan (**Eligible Employees**).

3. Grant

The Board may, from time to time and in its absolute discretion, invite Eligible Employees to participate in a grant of LTI Securities (**Offer**) on the terms set out in the Incentive Plan and any additional terms as the Board determines.

4. Information provided when grant is made

The Board must advise each Eligible Employee of the following minimum information in connection with the grant (**Offer**):

- (a) the number of LTI Securities being offered, or the method by which the number will be calculated;
- (b) the amount (if any) that will be payable for the grant or issue of LTI Securities;
- (c) when LTI Securities may vest;
- (d) the procedure for exercising an Option (including any exercise price that will be payable) following vesting and the period(s) during which it may be exercised;
- (e) the circumstances in which Performance Rights and/or Options will lapse;
- (f) any Performance Conditions or other conditions that apply and when such conditions must be satisfied by;
- (g) any restrictions (including the period of restriction) on dealing in relation to a LTI Security allocated to the Eligible Employee;
- (h) any financial assistance that is offered in connection with the issue of Shares (including any restricted period); and
- (i) any other terms and conditions that the Board decides to include or is required by the Listing Rules.

5. Acceptance of Offer

- (a) Acceptance of an offer of LTI Securities must be made by the Eligible Employee in accordance with the instructions that accompany the offer or any other way the Board determines.
- (b) The Board may only allow the participation of an Eligible Employee where that Eligible Employee continues to satisfy any relevant conditions imposed by the Board (which may include, without limitation that the Eligible Employee continues to be an employee of the Company at the time of grant).

6. Performance Rights

- (a) Unless the Board determines otherwise, no payment is required for the grant of a Performance Right and Performance Rights may not be registered in any name other than that of the Eligible Employee.
- (b) Subject to sub-clause (e), a Performance Right only vests where any Performance Condition or any other relevant conditions advised to the participant by the Board when the grant was made has been satisfied.
- (c) On vesting of a Performance Right, a Share will be allocated without any further action on the part of the Participant.
- (d) A Performance Right will lapse on the earlier of:
 - (i) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period; and
 - (ii) the Performance Right lapsing under clauses 5 (financial assistance), 7 (Board discretion for inappropriate benefits), 8 (cessation of employment) and 9 (Take-overs, Scheme of Arrangement and Winding Up) of the Incentive Plan.
- (e) The terms on which a Performance Right vests can be changed in the event of cessation of an Eligible Employee's employment (clause 5), the occurrence of a takeover, scheme of arrangement or winding up (clause 6) or waiver of terms and condition in relation to an Incentive Plan Security by the Board (clause 16.4).

7. Options

- (a) Unless the Board determines otherwise, no payment is required for the grant of Options and Options may not be registered in any name other than that of the Eligible Employee.
- (b) Subject to clause 7, an Option only vests where any Performance Condition or any other relevant conditions advised to the participant by the Board when the grant was made has been satisfied.
- (c) The exercise of any Option granted under the Incentive Plan will be effected in the form and manner determined by the Board, and must be accompanied

by payment of the relevant exercise price (if any) advised to the Eligible Employee.

- (d) On exercise of an Option the Board must issue or transfer the number of Shares in respect of the which the Options have been exercised to the Eligible Employee.
- (e) An Option will lapse on the earliest to occur of:
 - (i) 5 years or any other date nominated as the expiry date in in the offer letter;
 - (ii) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period; and
 - (ii) the Option lapsing under clauses 5 (financial assistance),⁷ (Board discretion for inappropriate benefits),⁸ (cessation of employment) and 9 (Take-overs, Scheme of Arrangement and Winding Up) of the Incentive Plan.

8. Shares and Financial Assistance

- (a) Where an Eligible Employee has accepted an offer to participate in an issue of Shares, the Board will issue Shares to the Eligible Employee.
- (b) The Board may determine that Shares will be acquired through a loan by the Company to the Eligible Employee on an interest free basis, unless otherwise specified (**Financial Assistance**). Financial Assistance may only be provided in respect of Shares.
- (c) Financial Assistance will be repayable by the Eligible Employee in accordance with the terms on which the Financial Assistance is provided to the Eligible Employee however, the Board may, in its discretion, extend the period for repayment of the Financial Assistance or otherwise vary the terms of the Financial Assistance for the benefit of the Eligible Employee.
- (d) An Eligible Employee may voluntarily repay Financial Assistance to the Company at any time in respect of Shares to which Performance Conditions do not apply.

9. Repayment of Financial Assistance

Unless the terms of an Offer specify otherwise, Financial Assistance must be repaid in full immediately on the earliest of:

- (a) 5 years from the date the relevant Shares are acquired with Financial Assistance;
- (b) the Eligible Employee's Shares being bought back or transferred under rule 15 of the Incentive Plan (where the Financial Assistance is repayable or the Performance Conditions related to the Financial Assistance have not been satisfied),

- (c) failure to satisfy any Performance Conditions imposed on any Shares to which the Financial Assistance relates;
- (d) months (or a longer period set out in an Offer or determined by the Board in its discretion) after the Eligible Employee ceases to be an Employee;
- (e) any material breach by the Eligible Employee of the Incentive Plan where the breach is not remedied within 30 days of the Company's notice to the Eligible Employee to rectify; or
- (f) an application being made to a court or an order, or an order being made that the Eligible Employee be made bankrupt;

10. Repayment Amount and Dividends

- (a) If Financial Assistance becomes repayable the Company must accept in full and final satisfaction of the Eligible Employee's indebtedness and obligations:
 - (i) if the Performance Conditions have been satisfied, the total amount owing to the Company in cash or other means agreed between the parties;
 - (ii) in any case, the transfer to the Company of the Shares to which the Financial Assistance relates.
- (b) The Company may retain or pay to itself any moneys, dividends or capital distributions that become payable in respect of the Shares to which Financial Assistance applies.
- (c) An Eligible Employee may not participate in any dividend reinvestment plan (or similar plan) until the Financial Assistance is repaid in full.

11. Security and Limited Recourse

- (a) As security for Financial Assistance provided by the Company, each Eligible Employee grants to the Company a security interest over the Shares provided under the Incentive Plan and over all dividends and other amounts payable on the Shares.
- (b) The Company may retain holding certificates or place a holding lock on any Shares the subject of Financial Assistance.
- (c) The Eligible Employee must not create, other than in favour of the Company, any security interest over any Shares without consent of the Board
- (d) If Financial Assistance is discharged or repaid in accordance with section 9 or 10 (above), then no further amount will be repayable by the Eligible Employee and no further amount will be recoverable by the Company in respect of the Financial Assistance.

12. Shares issued on exercise of LTI Securities

Any Shares issued under the Incentive Plan will rank equally in all respects with other Shares for the time being on issue by the Company except as regards any rights

attaching to such Shares by reference to a record date prior to the date of their issue.

SCHEDULE 4 - SUMMARY OF KEY TERMS OF THE EXISTING INCENTIVE PLAN

1. Purpose

The purpose of the Incentive Plan is to allow the Board to make offers to Eligible Employees to acquire Stapled Securities, Performance Rights or Options (each an **LTI Security**) in the Group. Offers of Stapled Securities may be made through the provision of financial assistance provided by the Group to the Eligible Employee (**Loan Security**).

2 Eligible Employees

The Incentive Plan is open to employees of the Group, including a director of the Company or the Trustee, or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Incentive Plan (**Eligible Employees**).

3. Grant

The Board may, from time to time and in its absolute discretion, invite Eligible Employees to participate in a grant of LTI Securities (**Offer**) on the terms set out in the Incentive Plan and any additional terms as the Board determines.

4. Information provided when grant is made

The Board must advise each Eligible Employee of the following minimum information in connection with the grant (**Offer**):

- (a) the number of LTI Securities being offered, or the method by which the number will be calculated;
- (b) the amount (if any) that will be payable for the grant or issue of LTI Securities;
- (c) when LTI Securities may vest;
- (d) the procedure for exercising an Option (including any exercise price that will be payable) following vesting and the period(s) during which it may be exercised;
- (e) the circumstances in which Performance Rights and/or Options will lapse;
- (f) any Performance Conditions or other conditions that apply and when such conditions must be satisfied by;
- (g) any restrictions (including the period of restriction) on dealing in relation to a LTI Security allocated to the Eligible Employee;
- (h) any financial assistance that is offered in connection with the issue of Stapled Securities (including any restricted period); and
- (i) any other terms and conditions that the Board decides to include or is required by the Listing Rules.

5. Acceptance of Offer

- (a) Acceptance of an offer of LTI Securities must be made by the Eligible Employee in accordance with the instructions that accompany the offer or any other way the Board determines.
- (b) The Board may only allow the participation of an Eligible Employee where that Eligible Employee continues to satisfy any relevant conditions imposed by the Board (which may include, without limitation that the Eligible Employee continues to be an employee of the Group at the time of grant).

6. Performance Rights

- (a) Unless the Board determines otherwise, no payment is required for the grant of a Performance Right and Performance Rights may not be registered in any name other than that of the Eligible Employee.
- (b) Subject to sub-clause (e), a Performance Right only vests where any Performance Condition or any other relevant conditions advised to the participant by the Board when the grant was made has been satisfied.
- (c) On vesting of a Performance Right, a Stapled Security will be allocated without any further action on the part of the Participant.
- (d) A Performance Right will lapse on the earlier of:
 - (i) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period; and
 - (ii) the Performance Right lapsing under clauses 5 (financial assistance), 7 (Board discretion for inappropriate benefits), 8 (cessation of employment) and 9 (Take-overs, Scheme of Arrangement and Winding Up) of the Incentive Plan.
- (e) The terms on which a Performance Right vests can be changed in the event of cessation of an Eligible Employee's employment (clause 5), the occurrence of a takeover, scheme of arrangement or winding up (clause 6) or waiver of terms and condition in relation to an Incentive Plan Security by the Board (clause 16.4).

7. Options

- (a) Unless the Board determines otherwise, no payment is required for the grant of Options and Options may not be registered in any name other than that of the Eligible Employee.
- (b) Subject to clause 7, an Option only vests where any Performance Condition or any other relevant conditions advised to the participant by the Board when the grant was made has been satisfied.
- (c) The exercise of any Option granted under the Incentive Plan will be effected in the form and manner determined by the Board, and must be accompanied

by payment of the relevant exercise price (if any) advised to the Eligible Employee.

- (d) On exercise of an Option the Board must issue or transfer the number of Stapled Securities in respect of the which the Options have been exercised to the Eligible Employee.
- (e) An Option will lapse on the earliest to occur of:
 - (i) 5 years or any other date nominated as the expiry date in in the offer letter;
 - (ii) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period; and
 - (ii) the Option lapsing under clauses 5 (financial assistance),⁷ (Board discretion for inappropriate benefits),⁸ (cessation of employment) and 9 (Take-overs, Scheme of Arrangement and Winding Up) of the Incentive Plan.

8. Stapled Securities and Financial Assistance

- (a) Where an Eligible Employee has accepted an offer to participate in an issue of Stapled Securities, the Board will issue Stapled Securities to the Eligible Employee.
- (b) The Board may determine that Stapled Securities will be acquired through a loan by the Group to the Eligible Employee on an interest free basis, unless otherwise specified (**Financial Assistance**). Financial Assistance may only be provided in respect of Stapled Securities.
- (c) Financial Assistance will be repayable by the Eligible Employee in accordance with the terms on which the Financial Assistance is provided to the Eligible Employee however, the Board may, in its discretion, extend the period for repayment of the Financial Assistance or otherwise vary the terms of the Financial Assistance for the benefit of the Eligible Employee.
- (d) An Eligible Employee may voluntarily repay Financial Assistance to the Group at any time in respect of Stapled Securities to which Performance Conditions do not apply.

9. Repayment of Financial Assistance

Unless the terms of an Offer specify otherwise, Financial Assistance must be repaid in full immediately on the earliest of:

- (a) 5 years from the date the relevant Stapled Securities are acquired with Financial Assistance;
- (b) the Eligible Employee's Stapled Securities being bought back or transferred under rule 15 of the Incentive Plan (where the Financial Assistance is repayable or the Performance Conditions related to the Financial Assistance have not been satisfied),

- (c) failure to satisfy any Performance Conditions imposed on any Stapled Securities to which the Financial Assistance relates;
- (d) months (or a longer period set out in an Offer or determined by the Board in its discretion) after the Eligible Employee ceases to be an Employee;
- (e) any material breach by the Eligible Employee of the Incentive Plan where the breach is not remedied within 30 days of the Group's notice to the Eligible Employee to rectify; or
- (f) an application being made to a court or an order, or an order being made that the Eligible Employee be made bankrupt;

10. Repayment Amount and Dividends

- (a) If Financial Assistance becomes repayable the Group must accept in full and final satisfaction of the Eligible Employee's indebtedness and obligations:
 - (i) if the Performance Conditions have been satisfied, the total amount owing to the Group in cash or other means agreed between the parties;
 - (ii) in any case, the transfer to the Group of the Stapled Securities to which the Financial Assistance relates.
- (b) The Group may retain or pay to itself any moneys, dividends or capital distributions that become payable in respect of the Stapled Security to which Financial Assistance applies.
- (c) An Eligible Employee may not participate in any dividend reinvestment plan (or similar plan) until the Financial Assistance is repaid in full.

11. Security and Limited Recourse

- (a) As security for Financial Assistance provided by the Company, each Eligible Employee grants to the Group a security interest over the Stapled Securities provided under the Incentive Plan and over all dividends and other amounts payable on the Stapled Securities.
- (b) The Group may retain holding certificates or place a holding lock on any Stapled Securities the subject of Financial Assistance.
- (c) The Eligible Employee must not create, other than in favour of the Group, any security interest over any Stapled Securities without consent of the Board
- (d) If Financial Assistance is discharged or repaid in accordance with section 7 or 8 (above), then no further amount will be repayable by the Eligible Employee and no further amount will be recoverable by the Group in respect of the Financial Assistance.

12. Stapled Securities issued on exercise of LTI Securities

Any Stapled Security issued under the Incentive Plan will rank equally in all respects with other Stapled Securities for the time being on issue by the Group except as

regards any rights attaching to such Stapled Securities by reference to a record date prior to the date of their issue.

SCHEDULE 5 - PREVIOUS SECURITIES ISSUED UNDER THE INCENTIVE SCHEME INCLUDING DIRECTORS

For the purposes of Resolutions 9 to 13, details of previous securities issued under the Incentive Plan including to specific Directors are detailed below:

Name of Director(s)	Date of Issue	LTI Security	No. Securities	Price (\$)	Status
Peter Skene [Note: Peter Skene resigned as a director of the Company on 21 June 2022]					
	12 February 2021	Performance Rights	3,000,000	Nil	2,000,000 lapsed 1,000,000 converted on 19 July 2021 (see below)
	16 February 2021	Performance Options	3,000,000	Nil	Lapsed
	19 July 2021	Stapled Securities	1,000,000	Nil, issued in achievement of performance conditions attached to Performance Rights	On issue
	15 February 2022	Performance Rights	3,000,000	Nil	2,500,000 lapsed 500,000 converted on 24 August 2022 (see below)
	24 August 2022	Stapled Securities	500,000	Nil, issued in achievement of performance conditions attached to Performance Rights	On issue
Adrian Rowley					
	15 February 2022	Performance Rights	1,000,000	Nil	500,000 lapsed 500,000 converted on 24 August 2022 (see below)

	24 August 2022	Stapled Securities	500,000	Nil, issued in achievement of performance conditions attached to Performance Rights	On issue
Martin Bryant					
	15 February 2022	Performance Rights	1,000,000	Nil	500,000 lapsed 500,000 voluntarily forfeited
Jason Dong					
	15 February 2022	Performance Rights	1,000,000	Nil	500,000 lapsed 500,000 converted on 24 August 2022 (see below)
	24 August 2022	Stapled Securities	500,000	Nil, issued in achievement of performance conditions attached to Performance Rights	On issue
Management Employees & Consultants					
	16 February 2021	Performance Options	4,000,000	Nil	Lapsed
	11 March 2021	Stapled Securities	1,000,000	Issued in consideration of provision of consulting services to the Group (in lieu of cash payment)	On issue
	8 September 2021	Stapled Securities	1,850,000	Nil, issued on review of FY21 performance	On issue
	5 November 2021	Stapled Securities	1,500,000	Issued in consideration of provision of consulting services to the Group (in lieu of cash payment)	On issue

	24 August 2022	Stapled Securities	3,230,000	Nil, issued on review of FY22 performance	On issue
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LODGE YOUR VOTE



ONLINE

<https://investorcentre.linkgroup.com>



BY MAIL

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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
*During business hours Monday to Friday



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **1:00pm (Melbourne time) on Tuesday, 22 November 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

<https://investorcentre.linkgroup.com>

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 <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

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

QR Code



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 Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman 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 CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

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:

- 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
- 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, all shareholders must 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 the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM - 2022 ANNUAL GENERAL MEETING

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

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman 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 Annual General Meeting of the Company to be held at **1:00pm (Melbourne time) on Thursday, 24 November 2022 at Watershed Funds Management, Level 22, 459 Collins Street, Melbourne VIC 3000** and made available online to watch, listen and ask questions but not vote (please refer to the Notice of Meeting for more details) (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 8, 9, 10, 11 and 12: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 8, 9, 10, 11 and 12, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman 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*		For	Against	Abstain*
1 Remuneration Report (Non-Binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of performance rights to Bernard Kavanagh under the Company's Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Bernard Kavanagh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of performance rights to Martin Bryant under the Company's Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Adrian Rowley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Issue of performance rights to Adrian Rowley under the Company's Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Issue of performance rights to Jason Dong under the Company's Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Section 195 Approval (regarding issue of performance rights to Directors)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval to unstaple the Company and Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Approval of amendments to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval of issue of securities under 2022 Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* 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)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must 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).

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