



Australian Dairy
Nutritionals

23



JUNE 2023
BUSINESS UPDATE

EXECUTIVE SUMMARY

- ✓ MANUFACTURING UPDATE
- ✓ MARKET UPDATE
- ✓ DISTRIBUTION UPDATE
- ✓ GROWING BRAND AWARENESS
- ✓ CAPITAL MANAGEMENT

MANUFACTURING UPDATE



MANUFACTURING UPDATE: SCALING PRODUCTION FOR EXPORT MARKETS

- ✓ Manufacturing facility now producing inventory for international sales
- ✓ Continued investment to refine and develop our manufacturing capabilities on a larger scale
- ✓ Focus on building the capability of our manufacturing team and yield improvement
- ✓ Securing skilled staff continues to be a challenge
- ✓ Investigating complementary products to offset costs whilst production volumes build e.g. milk powder, adult powders



**Export certified in
February 2023**



MARKET UPDATE



ADAPTING TO CHANGING MARKET CONDITIONS

✓ Prior to COVID-19:

- ✓ Large volumes of infant formula were purchased from Australian retailers and sent overseas by personal shoppers (typically overseas students)
- ✓ Infant formula category was a strong performer for large Australian retailers



✗ COVID-19 dramatically changed the market:

- ✗ Personal shoppers channel disappeared as international students left Australia
- ✗ Corporate daigous took over this channel
- ✗ Corporate daigous transact directly with brand owner/manufacturer NOT the large retailers
- ✗ Infant formula category demand substantially lower for major Australian supermarkets
- ✗ Domestic ranging of new infant formula products in major domestic retailers requires strong consumer brand awareness and established sales base

HOW ARE WE RESPONDING?

- ✓ Continued focus on growing Ocean Road Dairies brand awareness domestically and growing domestic sales in Chemist warehouse
- ✓ Future branded formula still ranged in Chemist Warehouse but focus shifted to international markets for this brand
- ✓ Accelerate focus on international markets of both brands to grow distribution:
 - ✓ attended tradeshow in Singapore, Vietnam, Thailand and USA with strong interest;
 - ✓ working to appoint distributors in target markets;
 - ✓ registering products and trademarks in target markets (where required)
- ✓ International markets (esp. China) are starting to recover after long lockdowns and the impact of working from home policies
- ✓ Adapting our capital management strategy to reflect the softer domestic market and longer timeframe to build international distribution network



DISTRIBUTION UPDATE



FY23 AND BEYOND: DISTRIBUTION TO DRIVE FUTURE FINANCIAL PERFORMANCE



- ✓ Expand our distribution network in domestic and international markets
- ✓ Scale production at our manufacturing facility including sale of milk powders and complementary products
- ✓ Continue to invest in targeted marketing activities

2023 AND BEYOND

DOMESTIC MARKET

- ✓ Focus on growing sales of Ocean Road Dairies Infant Formula range in Chemist Warehouse
- ✓ Continue to pursue ranging in major supermarket retailers as brand awareness increases
- ✓ ORD's unique provenance and vertical integration story is resonating with customers and retailers – good feedback to date
- ✓ Integrated marketing program growing brand awareness

Ocean Road Dairies Premium Formula
Australian organic cow's milk + A2 protein

FARM FRESH AUSTRALIAN COW'S MILK
A2 BETA-CASEIN PROTEIN
NASAA-CERTIFIED ORGANIC
100% PALM OIL FREE

\$5 OFF

AVAILABLE AT
Stop Paying Too Much!
CHEMIST WAREHOUSE
Shop Now

Organic A2 Infant Formula

FARM FRESH AUSTRALIAN COW'S MILK
A2 BETA-CASEIN PROTEIN
NASAA-CERTIFIED ORGANIC
AUSTRALIAN MADE

Simply the way nature intended

AVAILABLE AT
Stop Paying Too Much!
CHEMIST WAREHOUSE
Shop Now

Premium Organic A2 Infant Formula

Simply the way nature intended

FARM FRESH AUSTRALIAN COW'S MILK
A2 BETA-CASEIN PROTEIN
NASAA-CERTIFIED ORGANIC
AUSTRALIAN MADE

AVAILABLE AT
Stop Paying Too Much!
CHEMIST WAREHOUSE
Shop Now

Certified organic Australian made infant formula, crafted with the finest quality Australian Organic A2 farm fresh milk

Simply the way nature intended

OCEAN ROAD DAIRIES

Shop Now

pbc EXPO

9- 12,000 Attendees per State

MELBOURNE 25 & 26 FEBRUARY

INTERNATIONAL MARKET

- ✓ Strong interest in Ocean Road Dairies range from international distributors
- ✓ International food expos in Singapore, Vietnam and Thailand have provided excellent opportunity to identify and negotiate with quality distributors
- ✓ Good progress being made in establishing distribution arrangements in Asia and Middle East for both brands
- ✓ Product registrations dictate market entry timing and product sales revenues
- ✓ Trade/consumer expos also assist in growing brand awareness in international markets e.g. Vietnam (September 23)



23 - 27 May 2023
IMPACT MUANG THONG
THANI
BANGKOK, THAILAND

What To Expect at THAIFEX - Anuga Asia 2023

3,000+
exhibitors from 43
countries/regions

60,000+
trade visitors from 120 countries

800+
International hosted buyers

GOOD PROGRESS BUILDING INTERNATIONAL DISTRIBUTION PARTNERSHIPS



MARKETING UPDATE



OCEAN ROAD DAIRIES ORGANIC A2 RANGE

RESONATING WITH CONSUMERS

- ✓ Early indications tell us Ocean Road Dairies Organic A2 infant formula range is gaining awareness and acceptance from consumers



Customer Reviews

Follow-On Formula, reviewed by Tina:

'My bub had absolutely no issues with this formula, love it's organic, love it's made in Australia and love there is no palm oil.'

Infant Formula, reviewed by Amie:

'My daughter has been on this formula since her previous one wasn't agreeing with her. So far so good, completely different baby. This formula smells more like a milk powder rather than something processed and she is loving the taste of it. Keeps her fuller for longer and overall is a happier more content baby with less wind/gas and spit ups.'

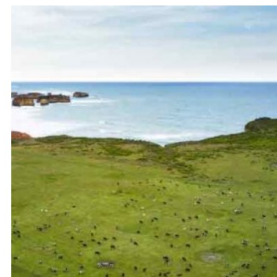
Starting from zero, over **1 million** unique social users have viewed our ads

Over **6.2 million** social impressions, the number of times our content was seen including multiple views from users



MARKETING FOCUSED ON RAISING BRAND AWARENESS & INDUCING TRIAL

- ✓ **We engage** our audience by providing topical, educational and informative content across Ocean Road Dairies website and social media platforms in combination with advertisements on Google, Facebook and Instagram
- ✓ **We talk to parents**, face to face at targeted events, helping them to make informed decisions when looking to purchase formula products
- ✓ **We support our partners and distributors** with exhibition presence, dedicated marketing materials, catalogue and online adverts
- ✓ **We connect with health care professionals** who share our product benefits with their clients
- ✓ **We induce trial** by way of special offers at events, discount codes and free shipping
- ✓ **We respond** to all customer queries within 24 hours, assisting to gain trust with product queries and purchase



What It Really Means To Be Certified Organic

At Ocean Road Dairies, we made it our priority to develop a truly organic infant formula range that is kind...

[Read More](#)



Growth Spurts: When They Happen & What To Look For

Finally, you've perfected your feeding and night time routines and you seem to be getting into the swing of things...

[Read More](#)



9 Parenting Hacks That Actually Make Newborn Life Easier

When you're in the first few months of newborn life, any parenting hack you come across can make life just...

[Read More](#)



MARKETING FOCUSED ON CONSUMER PRODUCT BENEFIT AND AWARENESS

- ✓ Educational awareness targeted towards health care professionals and maternal health nurses, prompting trial
- ✓ Domestic retailers and international distributors are supported with marketing materials, catalogue and online advertising to assist with product education and sales pull through
- ✓ Targeted digital campaigns on social media platforms and Google Adwords
- ✓ Price promotions and presence at international exhibitions and domestic events
- ✓ Responsive, informative customer service for parental community

NOW AVAILABLE ON

everyday market
from Woolworths

Shop Now

Meet Our Range.
Easy on little tummies, future® Gradulac Gentle is Australian Made from fresh Australian milk.

Australian Made for Little Tummies.

Easy on little tummies, future® Gradulac gentle is Australian Made from fresh Australian milk.

FIND OUT MORE

Gradually introducing lactose to little digestive systems

- ♥ Gentle on little tummies
- ♥ Vitamins & minerals
- ♥ Advanced prebiotics & probiotics

\$5 OFF

AVAILABLE AT

Shop Paying Too Much!
CHEMIST WAREHOUSE

Shop Now

future Gradulac Gentle

"Being a toddler mum means figuring out what your kid is obsessed with and using it to get them to eat dinner, put pants on, get in the car, etc."

future food critic

future Gradulac Gentle formula

Always gentle For a safe & happy start to life

future
Gradulac Gentle

FARMS UPDATE



FARMS SUPPORTING BUSINESS

- ✓ Dairy farm operations performing strongly with relatively cool and wet summer
- ✓ Farm operations supporting the wider business as distribution network is established
- ✓ All farms converted to organic A2 protein milk production to support our manufacturing facility
- ✓ FY24 farmgate raw milk prices softened due to lower international prices and domestic demand but AHF's farmgate organic milk price likely to hold at similar level to FY23



CAPITAL MANAGEMENT AND OUTLOOK

- ✓ Change to domestic market infant formula category has reduced domestic sales performance expectations
- ✓ Pivot to international market distribution progressing well but generation of sales revenue prolonged as market access established including distributor appointments and product registrations
- ✓ Changed market conditions have put pressure on the Group's cash flows - working to improve cash position of the Group to support operations as distribution and sales revenues are established
- ✓ Pursuing initiatives to increase production at the manufacturing facility to cover fixed costs whilst distribution network builds e.g. milk powders
- ✓ Cash flow initiatives:
 - ✓ Placement to raise \$1M;
 - ✓ Review of Operating Costs;
 - ✓ Sale of Camperdown Dairy equipment (\$1.05 million)
 - ✓ Share Purchase Plan:
 - ✓ Eligible shareholders purchase \$2,000 - \$30,000 of shares at \$0.02 per share
 - ✓ Offer closes Friday 23 June 2023
 - ✓ For further information [click here](#)



DISCONTINUED DAIRY PROCESSING OPERATIONS DELIVER COST REDUCTIONS

- ✓ Camperdown Dairy's fresh processing operations discontinued at end August 2022
- ✓ ADNL has entered into an agreement to sell the fresh processing assets for \$1.05 million
- ✓ The buyer will also take over the lease of the Manifold Street site **saving** \$30,000 per month in residual operating costs
- ✓ Conditions precedent to be satisfied by 21 June 2023 (lease transfer and due diligence on trade waste arrangements)
- ✓ Satisfaction of conditions precedents progressing well with discussions with landlord and local water authorities ongoing
- ✓ Target Completion Date: 26 June 2023 (subject to satisfaction of conditions precedent)



Australian Dairy Nutritionals

FURTHER DETAILS

For additional company information or media enquiries:

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The release of this announcement was approved by the Board of AHF.

ABOUT AUSTRALIAN DAIRY NUTRITIONALS GROUP

Australian Dairy Nutritionals Group (AHF) is a vertically integrated Australian dairy group which owns high quality organic and organic A2 dairy farms, and a processing facility located in Southwestern Victoria, the 'Golden Triangle' of Australia's dairy industry. In addition to our premium Future range of infant formulas the Group has also commenced production at its infant formula factory of Australia's first organic A2 protein infant formula made with farm fresh Australian milk, sourced directly from our organic certified dairy farms.

DISCLAIMER – FORWARD LOOKING STATEMENTS

This presentation may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry, in which it operates, and beliefs and assumptions. Readers are cautioned not to place undue reliance on forward looking statements.