

2023 AGM – Conditional Spill Resolution

The Board of Australian Dairy Nutritionals Ltd (**AHF or Company**) advises that shareholders have now received the Notice of Meeting and Proxy form for the 2023 Annual General Meeting to be held on 23 November 2023 (**AGM**).

Resolution 1 at the AGM will ask shareholders to approve the remuneration report set out in the Group's FY23 annual report (**Remuneration Report**).

Resolution 2 provides that if more than 25% of the shareholders who vote at the meeting vote **AGAINST** the Remuneration Report (Resolution 1), then Resolution 2 will be put to the meeting for shareholders to vote on whether or not a further meeting should be held within 90 days of the AGM at which all of the non-executive directors of the Company will cease to be directors of the Company and resolutions to appoint directors to fill those vacated positions will be put to the meeting (**Spill Meeting**).

The Board respects shareholders' right to vote on the Remuneration Report and understands that many shareholders are not satisfied with a number of matters relating to the Group's performance. As such, it is probable that more than 25% of shareholders will vote **AGAINST** Resolution 1, meaning the Spill Resolution (Resolution 2) will be put to the meeting.

The Board strongly reiterates its recommendation that shareholders vote **AGAINST** Resolution 2 to hold a Spill Meeting. The Spill Meeting would be very detrimental and highly destabilising for the Group as it navigates the current challenging environment.

In response to shareholders' concerns several changes have recently been implemented including:

- the senior management team has reduced and is now better aligned with the Company's current activities and operations;
- two non-executive Directors have recently resigned;
- a non-executive Director has been appointed to fill a casual vacancy and will stand for re-election at the 2023 AGM;
- a new Chairman was appointed in September 2023.

Furthermore, the Board has recognised that the industry landscape has changed significantly over the past three years and has revised the Group's strategy to focus on three core elements:

- (i) growing domestic and international distribution of the Ocean Road Dairies infant formula range;
- (ii) increasing utilisation of the Depot Road manufacturing facility through contract manufacturing and complementary product extensions; and
- (iii) proactively investigating consolidation opportunities with synergistic businesses.

If Resolution 2 is passed it would be very difficult for the Board to make any major decisions impacting the Group until the Spill Meeting is held and there would be significant uncertainty in relation to the future leadership and direction of the Company as well as the delivery of its strategic objectives.

Also, there is no guarantee that each of the current non-executive Directors will stand for election at the Spill Meeting. There will also be considerable uncertainty as to who and how many candidates will nominate for election as a director at the Spill Meeting.

The Board has spoken to a number of shareholders and understands the key reasons for their grievances and is working to address these. To seek to change the Board via the Spill Meeting mechanism would be counterproductive to these efforts and create significant uncertainty in relation to the future direction of the Group.

Regardless of how you wish to vote on Resolution 1, the Board unanimously recommends that shareholders vote **AGAINST** Resolution 2 to hold a Spill Meeting within 90 days of the 2023 AGM.

The release of this announcement was approved by the Board.

Ends

Further Details

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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 of Australia's first Organic A2 infant formula made with farm fresh Australian milk from our farms at our purpose-built infant formula factory.

Disclaimer – Forward Looking Statements

This announcement 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.