

APPENDIX 4E



APPENDIX 4E - PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2025

AUSTRALIAN DAIRY NUTRITIONALS GROUP (ASX CODE: AHF)

ACN: 057 046 607

RESULTS FOR ANNOUNCEMENT TO THE MARKET

References to the 'Group' throughout this report relate to Australian Dairy Nutritionals Limited and its controlled entities.

	Change	\$'000 2025	\$'000 2024
Revenue from ordinary activities	Up 14%	7,168	6,263
Loss from ordinary activities after tax attributable to members	Down 29%	(5,261)	(7,439)
Loss for the period attributable to members	Down 29%	(5,209)	(7,356)

	Cents	
	2025	2024
Net tangible asset backing per share	3.2	4.1

	Amount per Share (cents)	Franked Amount per Share (cents)	Tax Rate for Franking
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
Record date			Not applicable

The Group does not have any dividend re-investment plan in operation.

Loss or gain of control over other entities

There has been no loss or gain of control over other entities during the year.

Associates

The Group does not have any associates.

Audit Status

This Appendix 4E is based on the Annual Report, which has been subject to audit, with the Independent Auditor's Report included.

Additional Appendix 4E disclosure requirements can be found in the 2025 Australian Dairy Nutritionals Group Annual Report attached.



ANNUAL REPORT 2025

AUSTRALIAN DAIRY NUTRITIONALS GROUP



BOARD OF DIRECTORS

Peter Nathan
Executive Chairman

Jason Dong
Non-Executive Director

Scott Lai
Non-Executive Director

Andy Zhang
Non-Executive Director

COMPANY SECRETARY

Elizabeth Spooner
Company Secretary

REGISTERED OFFICE

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AUDITOR**Moore Australia Audit (QLD) Pty Ltd**

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Web: www.moore-australia.com.au

STOCK EXCHANGE

Australian Dairy Nutritionals Group is listed on the official List of the Australian Securities Exchange Limited (ASX).

The ASX Code is "AHF".

WEBSITE

adnl.com.au

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Importantly the infant formula business, which is our strategic focus, grew by nearly four times. The trajectory of the infant formula business has been very positive with revenue in the last quarter representing an 801% increase on pcp (Q4 FY24).



CHAIR AND CEO'S REPORT



Peter Nathan
Chair



Sundaranathan Mahinthan
CEO

\$7.17m

FY25 REVENUE

\$23.65m

NET ASSETS

\$2.69m

CASH AT FY25 CLOSING

THE GROUP HAS BEEN FOCUSED ON DELIVERING AGAINST THE SIGNIFICANT CHANGE IN STRATEGIC DIRECTION FOLLOWING A FULL STRATEGIC REVIEW THAT WAS SHARED WITH INVESTORS TWELVE MONTHS AGO IN THE FY24 ANNUAL REPORT AND UPDATED IN FURTHER ANNOUNCEMENTS.

Pleasingly we have delivered on our ambitions, as in the last twelve months the business has undergone a rapid and positive transformation. The shape and trajectory of the business has indeed dramatically changed due to the successful execution of several key strategic initiatives.

A focused strategy on launching a new differentiated premium (Future™ brand) into the largest Infant Formula market in the world (China) via an innovative and best in class channel strategy, has been executed with first shipments in March 2025. The Future brand has begun a distribution roll-out into the MBS channel via the AZ Global M2C App where distribution has now been gained in five provinces of Guangdong, Zhejiang, Shandong, Jiangsu and Anhui. The business is targeting 1,000 distribution points by the end of FY26.

Key commercial partnerships have been negotiated and executed with key contract pack partners in Nutura and Sprout. These partnerships have enabled the business to significantly improve plant utilisation. It is expected that the Group will receive full year sales benefit in FY26 for Nutura and Sprout as Nutura was first shipped in November 2024 and Sprout in June 2025. In addition, the Vietnam export business has continued to deliver impressive growth with H2 FY25 growth vs H1 FY25 of over 5 times. It is expected Vietnam will continue to deliver solid growth in FY26.

Total revenue in FY25 was \$7.17m which was a 14% increase over FY24. Importantly the infant formula business, which is our strategic focus, grew by nearly four times. The trajectory of the infant formula business has been very positive with revenue in the last quarter representing an 801% increase on the prior corresponding period (Q4 FY24) and a 163% increase on prior quarter (Q3 FY25). There was a 16% year on year decrease in farm revenue following the sale of the South Brucknell farm in FY24, however it is worth noting this sale was used to improve the balance sheet and the milk production from the Yaringa farm continues to support infant formula requirements.

Steady progress has been made in improving the profitability of the business despite a \$753k write off of aged legacy stock of the Ocean Road Dairy brand manufactured in 2023. The Group recorded an EBIT loss of \$5.26m which was a 29% improvement on the loss of \$7.44m in FY24.

It is pleasing that management maintained a focus on cost control as corporate costs were reduced by 13% vs prior year.

The net assets of the Group at 30 June 2025 totalled \$23.65m, a decrease of \$3.08m from June 2024. The decrease in net assets was predominantly due to operating losses, offset by the equity capital raising in September 2024. The Group repaid its loan from Gippsreal Limited on 27 August 2024 and is debt free at 30 June 2025, down from \$1.74m in borrowings at 30 June 2024.

Cash closed at \$2.69m in FY25 compared with \$6.11m in FY24 because of operating losses in the year. It is pleasing that cash burn was only \$328k in Q4 FY25 and the Group has a loan facility of \$1.22m should it be required. The board will assess any capital and equity requirements in line with potential growth and capex opportunities.

We are excited about the future growth potential of our Group given the substantial progress we have made in the last 6 months and the significant potential our differentiated brand and channel strategy brings to the world's largest infant formula market.

Finally, we would like to express thanks to all our shareholders, staff, suppliers and customers for your continued support over the past 12 months.

Peter Nathan
Chair

28 August 2025

Sundaranathan Mahinthan
CEO

28 August 2025

The Group will continue to leverage its unique suite of assets in vertical integration, small run size manufacturing assets, and brand building capability as it executes its growth strategy.



DIRECTORS' REPORT

The Board of directors of Australian Dairy Nutritionals Limited (**the Company**) submits to members the Annual Report of the Company and its controlled entities (**the Group**) for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the Group during the year were:

- manufacture of infant formula base powders at 160 Depot Road, Camperdown, Victoria;
- distribution of the Group's infant formula ranges through; Organic Nutritionals Pty Ltd (Organic Nutritionals);
- ownership of a dairy farm via Regen Properties Pty Ltd (Regen Properties); and
- operation of dairy farms and ownership of livestock through SW Dairy Farms Pty Ltd (SWD);

The sale of the Brucknell South farm in April 2024 and the rapid growth of our infant formula business has resulted in a material mix change in FY25. Infant formula has grown from 11% of total revenue in FY24 to 43% in FY 25 & 70% in the last quarter of FY25.

BUSINESS MODEL AND OBJECTIVES

Following the strategic review in FY24, the Group made the strategic decision that the optimal way to deliver strong growth was to focus its effort on the China Infant Formula (IMF) by launching a new differentiated brand (Future), via the unique AZ Global M2C App in the mother & baby store channel. To supplement this growth and further improve plant utilisation, key contract manufacturing partnerships were negotiated with Sprout and Nutura, in addition to leveraging our export business in Vietnam and domestic sales in Australia.

China remains the largest infant formula category in the world, with a retail sales value of approx. \$25.5 million AUD. It is also a highly fragmented market from both a brand and channel perspective, which still provides a very attractive opportunity for meaningful scale of the Future brand. Pleasingly both the A2 Protein segment and English label segments in the China IMF category are in double digit growth, with annual sales growth of 12%¹ & 11.9%¹ respectively. The A2 Protein segment grew 12%, now 21%¹ of the China IMF market value (up from 18% in FY24). It was also encouraging to see China birth rates bouncing back due to increased newborns during Year of the

Dragon (up 5.8% in CY24)² and increased adoption of IMF at early stages.

The Group will continue to leverage its unique suite of assets in vertical integration, small run size manufacturing assets, and brand building capability as it executes its growth strategy.

Going Concern

The financial statements have been prepared using the going concern basis of preparation. During the year the Group incurred a loss of \$5.26 million (2024: \$7.44 million loss), has total accumulated losses of \$58.87 million and had a net cash outflow from operations of \$3.28 million (2024: \$4.44 million outflow). The Group's cash and cash equivalent balance as at 30 June 2025 was \$2.69 million, and it has an unutilised loan facility of \$1.22 million.

The Board is satisfied the going concern basis of preparation remains appropriate, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of at least one year from the date of this report.

The Board has been closely monitoring working capital and cash flows throughout the year while the Future brand was in development and was launched and infant formula product sales build as the Group works to gain access to international markets.

The Board is confident in the Group's ability to continue as a going concern for the 12-month period based on its current cash and cash equivalents and forecasts for the next 12 months. In addition to the above, as a listed entity, the Group also has capital raising opportunities available to it from existing shareholders as well as sophisticated investors with strong alignment to the Group's strategy and future objectives.

The Board are satisfied at the date of signing the financial report there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial report does not include any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

2. China National Bureau of Statistics

1. Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities) for the 52 weeks ending June 2025.

DIRECTORS' REPORT, CONTINUED.

OPERATING RESULTS

For the year ended 30 June 2025 (FY25), the consolidated net loss after providing for income tax was \$5,261,146 (2024: \$7,439,176).

This result is comprised of the following results:

- net loss from the nutritional powders segment of \$3,041,070 (2024: \$3,704,420).
- net loss from the dairy farm segment of \$652,346 (2024: \$1,928,606).
- corporate costs of \$1,567,730 (2024: \$1,806,150).

Total revenue and other income for FY25 is \$7,763,015, up 24% against the FY24 comparative period of \$6,263,071.

Below is a breakdown of total revenue by segment:

- total revenue from the nutritional powders segment of \$3,072,130 (2024: \$668,177).
- total revenue and other income from the dairy farms segment of \$4,690,885 (2024: \$5,594,894).

The nutritional powders segment revenue in FY25 increased by 360% compared to FY24, reflecting pipeline and replenishment orders for increased distribution following the launch of the Future brand in China in addition to contract pack sales to key customers.

The sale of the Brucknell South farm in April 2024 was the main driver for the dairy farms segment revenue decline, as it decreased by 16% in FY25 compared to the FY24. The revenue decline due to the farm sale was as expected, as the farm sale generated the cash to build volume and scale in nutritional powders consistent with the strategic intent.

In keeping with our objectives, total expenses for FY25 were \$13,024,161 down 5% against the FY24 comparative period of \$13,702,247.

Below is a breakdown of total expenses by segment:

- total expenses from the nutritional powders segment of \$6,113,200 (2024: \$4,372,597).
- total expenses from the dairy farms segment of \$5,343,231 (2024: \$7,523,500).
- Total corporate expenses of \$1,567,730 (2024: \$1,806,150)

The nutritional powders segment expenses increase of 40% on the FY24 comparative is largely attributable to cost of goods sold as a result of increased sales in FY25.

As per above in revenue, the dairy farms segment expenses decrease of 29% on the FY24 comparative is largely attributable to the reduced cost of operating one less farm following the sale of the Brucknell South farm in April 2024.

The decrease in corporate expenses of 13% on the FY24 comparative is largely attributable to decreases in employment costs, with most other overhead categories also down on the comparative.

Net cash used in operating activities for FY25 was \$3,276,254, a reduction in the cash burn of \$1,162,742 (26%) on FY24 where the net cash used in operating activities was \$4,438,996.

FINANCIAL POSITION

The net assets of the Group at 30 June 2025 total \$23,647,475, a \$3,079,093 decrease from the FY24 comparative of \$26,726,569. The decrease in net assets was primarily driven by operating losses, offset by the equity capital raising in September 2024.

The key assets and liabilities in the statement of financial position at 30 June 2025 are:

- cash and cash equivalents of \$2,687,954 (2024: \$6,106,312);
- inventories of \$1,340,222 (2024: \$1,632,793);
- property, plant and equipment of \$18,162,452 (2024: \$18,851,582);
- biological assets of \$1,055,449 (2024: \$1,873,697); and
- total borrowings of \$nil (2024: \$1,739,957).



FUTURE FORMULA CHINA LAUNCH EVENTS



DIRECTORS' REPORT, CONTINUED.

REVIEW OF OPERATIONS

DAIRY FARM SEGMENT

**Regen Properties Pty Ltd (land owner) and
SW Dairy Farms Pty Ltd (farm operator)**

Dairy farm segment performance

Dryer than normal seasonal conditions have continued in Southwest Victoria and were the ongoing challenge faced by the farms in FY25. The dairy farms segment net loss for FY25 was \$652,346 (2024: \$1,928,606 loss).

Included in the result are non-cash costs for gains from changes to fair value of livestock of \$594,556 (2024: \$346,132 loss) and the deemed cost of livestock sold \$1,336,050 (2024: \$1,554,415), which although down on FY24, remains high because of the herd reduction following the surrender of the Brucknell North leases in May 2025.

After removing the impact of fair value movements of livestock and deemed cost of sales in both financial years, the dairy farm operating segment's financial performance is up on FY24 with an operational net profit of \$89,148 (2024: \$28,059 loss). This is largely a result of additional sales of livestock from the herd reduction.

Livestock values

Although livestock values softened in the second half of FY25 because of a decline in the export market and unfavourable seasonal conditions, the overall result for FY25 was a gain from changes in fair value of livestock of \$594,556 (2024: \$346,132 loss).

Farm values

Registered valuers Preston Rowe Paterson completed an independent valuation on the Yaringa farm for the year ended 30 June 2023. The basis of the valuation was 'As Is and In Use' with vacant possession and the fair value of the farm was \$8,400,000.

The Board has reviewed the carrying amount at 30 June 2025 and are satisfied it is not impaired. The carrying amount for the Yaringa farm of \$8,563,578 represents the independent valuation from June 2023 plus capitalised costs from the valuation date, less depreciation (refer Note 12(a)(i)).

FY25 Farmgate milk price

Demand for organic farmgate milk has remained steady in FY25. SWD has negotiated an 11% price increase from FY25 for all the excess organic milk produced by its farm for the next 24 months commencing 1 July 2025.

NUTRITIONAL POWDERS SEGMENT

Nutritional powders segment performance

The nutritional powders segment net loss for FY25 was \$3,041,070 (2024: \$3,704,420).

Total revenue from the nutritional powders segment of \$3,072,130 (2024: \$668,177) is a 360% increase against FY24. Although the year-on-year loss has decreased, a write down of legacy short-dated Ocean Road Dairies bulk powders and associated ingredients, and brand development costs associated with the Future brand China launch have impacted profitability for the year.

The write down of Ocean Road Dairies bulk powders and associated ingredients was \$752,805 (2024: \$612,198). These are legacy inventory holdings of the Ocean Road Dairies brand manufactured in 2023. The Vietnam export business has continued to deliver impressive growth with H2 FY25 growth vs H1 FY25 of 5 times. It is expected Vietnam will continue to deliver solid growth in FY26.

The Group continues to invest in building distribution and consumer trial of the Future brand in the O2O channel in China via the AZ Global M2C global shopping app. Distribution has been expanded to five provinces in China and it is planned that further distribution and province penetration expansion will continue throughout FY26 reaching 1,000 outlets by year end.

Key commercial partnerships have been negotiated and executed with key contract pack partners in Nutura and Sprout. These partnerships have enabled the business to significantly improve plant utilisation. It is expected that the Group will receive full year sales benefit in FY26 for Nutura and Sprout as Nutura was first shipped in November 2024 and Sprout in June 2025.

Land and Buildings - Independent Valuation

Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and infant formula building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at \$5,100,000. At the 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the fair value at \$4,900,000.

The Board has reviewed the carrying amount at 30 June 2025 and are satisfied it is neither impaired or there has been any significant factors to materially change the carrying value. The carrying amount for the infant formula facility of \$4,819,500 represents the independent valuation from June 2024 plus capitalised costs from the valuation date, less depreciation (refer Note 12(a)(i)).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Strategic Placement

In September 2024, the Group raised \$2,133,010 at an average price of \$0.022c per share as part of a strategic placement to fund brand development, market expansion, as well as support ongoing operations and working capital.

Exclusive Supply Agreement

Separately in September 2024, the Group entered an exclusive supply partnership with Mutree Science and Technology Limited, for distribution and marketing of infant formula and other products in China. The supply partnership has an initial term of 5 +5 years and requires a minimum 1st twelve months volume of 100,000 units, which will translate to sales of at least \$2.5m over the twelve-month period. This agreement established a key strategic partner for the business within China.

Loan Facility

On 13 December 2023, the Group established a \$3,000,000 secured loan facility with Gippsreal Limited. The facility is secured against the Group's Yaringa dairy farm as well as a first ranking security over the assets of the borrower in connection with the property. The loan is for a period of 24 months and the lender has the right to review the terms and conditions of the loan on an annual basis. Interest is calculated on a variable interest rate at the Reserve Bank of Australia prevailing rate plus a margin of 5.4% per annum.

At 30 June 2024 the Group had drawn down \$1,780,000 of the facility and on 27 August 2024, the Group repaid the drawn down loan facility balance of \$1,780,000 and at 30 June 2025 has the unused facility balance of \$1,220,000 available.

In the opinion of the directors, there are no other significant changes in the state of affairs of the Group that occurred during the year that are not disclosed elsewhere in this report or in the accompanying financial statements.

EVENTS AFTER THE REPORTING PERIOD

In the opinion of the directors there are no material matters that have arisen since 30 June 2025 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

ENVIRONMENTAL ISSUES

The Group is regulated by environmental obligations contained in the Environment Protection Act 1970 (Cth) and is subject to water licensing restrictions under the Water Act 1989 (Vic). The Group is also subject to a Trade Waste Agreement with Wannon Water which regulates effluent disposal from the Depot Road manufacturing facility.

The Group considers itself to be in compliance with its environmental obligations.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

In FY25 and beyond, the Group will focus on the following core areas:

- sale and distribution of its infant formula ranges and complementary products;
- increasing the capacity and efficiency of its manufacturing operations;
- refining its farming operations; and
- effective management of non-operational costs.

BUSINESS RISK

The Group consists of complementary businesses in dairy farming and manufacture and distribution of infant formula products. The Group is exposed to a range of strategic, financial, operational, environmental and related risks that are inherent when operating in agricultural and fast-moving consumer goods markets. The Group has an enterprise risk management framework which, together with corporate governance, provides a framework for managing the material uncertainties impacting the Group.

DIRECTORS' REPORT, CONTINUED.

Below is a summary of some of the key risks impacting the Group but is not intended to be an exhaustive list:

Milk Prices

Milk prices are set by the Australian and global markets depending on the product type, seasonal demand and tariffs. In recent years, competitive forces within Australia have influenced fresh milk pricing whereas the export market for milk product is determined by international supply and demand and global seasonal conditions. Changes in domestic and global milk pricing will affect the revenue earned by the Group.

Operating Risks

The operation of processing factories, farms and other agricultural and manufacturing activities involve risks to employees, contractors, livestock and plant and equipment. This may include through accident, malfunction, acts of God, infectious disease, and other events which are not foreseeable, unable to be insured against or which the Group and management have little or no control or knowledge. Some events may cause considerable or even catastrophic damage to the Group and its assets. There can be no assurance that the Group can avoid or insure against such events.

Environmental Risks

Agricultural businesses are exposed to various environmental risks such as fire, flood, drought, unseasonal rain, wind, storms and similar events of nature which can have adverse or positive impacts on the operation of the business and financial performance.

This could include increased operational costs, disruption to operations or impact on the health and well-being of livestock. These risks are part of the operation of agricultural businesses and there may be limited avenues to mitigate such risks.

Development Projects

The Group may undertake new projects to expand existing facilities, which may include installation of a high-speed canning line. There are risks associated with development projects, including trial and testing delays, cost overruns or, the development may not perform to its designed capacity initially or at all. This may result in delays in anticipated revenues flowing from the developments, all of which could have an adverse effect on the Group's revenues and costs.



DIRECTORS' REPORT, CONTINUED.

Access to Specialised Raw Materials

As the Group moves to manufacture more complex nutritional products and organic products, it will need to source raw materials from a variety of domestic and international suppliers. Some of these raw materials have limited supply, long lead times and require forward commitments to secure supply. If the Group does not manage its inventory requirements of these raw materials it may experience delays in production of its products and product outages. This may in turn, cause issues with the Group's customers if customer supply arrangements are impacted.

Customer / Supplier Contract Security

The supply of the Group's products to major retailers in Australia are governed by limited supply agreements which include six-monthly reviews at which time products may be removed from sale in those retailers. Such reviews could reduce the number of the Group's products sold by this channel, adversely impacting the Group's revenues in the future.

Food Safety / Quality

While the Group maintains and follows good industry quality and assurance practices there remains a risk of product contamination in supply, production and storage of the Group's products. A product contamination or threat of contamination may cause reputational damage to the Group and its brands from the perspective of suppliers, customers, the general public and regulators. This may also result in significant product recall costs, compensation payments and penalties all of which have an adverse effect on the Group's revenue, profitability and reputation.

Funding and Access to Capital

To support large increases in demand for the Group's products and increase inventory or, to expand the Group's infant formula plant capacity or install a high-speed blending and canning line, further capital may need to be raised. There is no guarantee that those funds will be able to be raised, or if they are raised, raised at a cost which is acceptable to the Group. Further, any equity capital raising may dilute existing shareholders in the Group.

Marketing Investment and Competitive Landscape

The infant formula and infant nutrition segment is highly competitive and many large, long-established businesses participate in the segment. These brands have very large marketing budgets to promote their products making it difficult for new brands to gain exposure in the market. There is no guarantee that the level of marketing investment available to the Group will be sufficient to increase brand or product awareness in the market or, that consumers will develop the required level of trust in the Group's brands/products to consider trying or switching to them. Furthermore, there is no guarantee that other participants in the segment won't introduce similar products to the Group's products potentially eroding the Group's competitive advantage.

Inventory Management

Predicting market and consumer demand for new products is challenging. Furthermore, manufacturing facilities often require minimum production volumes to manufacture products or components of a product. There is a risk of large inventory write offs and/or brand damage if inventory of finished products (particularly products with shelf-life restrictions) or components of products materially exceed demand.

Infectious Diseases and Export Risks

An outbreak of COVID-19 or another infectious disease at the Group's production plant could cause the temporary shutdown of that plant and standing down of staff, with a consequential effect on production and revenues. Furthermore, the discovery of infectious diseases affecting livestock in Australia may require isolation or even destruction of livestock or, restrictions on movement of livestock both domestically and internationally. This would have significant impact of the Group's farming operations and its raw milk production volumes.

The Group is also exposed to the global dairy market and the availability of export opportunities of milk from Victoria. If country borders are closed or imports or exports limited, then there is a risk that there will be excess local supply, attracting a lower price, and reducing the prices which the Group is able to obtain for its products.

DIRECTORS' REPORT, CONTINUED.

Global Climate Conditions Risk

Changes in global and regional weather and climate conditions are not easily or reliably predicted and, can have a positive or negative effect on farm and manufacturing production which in turn affects revenues and costs. Domestic and international legislation, regulation and similar programs introduced to mitigate such climate change may have positive or adverse effects on Group financial performance and asset values over time.

Regulatory / Compliance Risk

Changes in relevant taxes, legal and administration regimes, accounting practice and government licensing and operations policies may adversely affect the financial performance of the Group. The sale of infant formula products is highly regulated both domestically and in international markets. Failure to comply with these regulations may damage the reputation of the Group and its brands and impact the financial performance of the Group including access to international markets. In addition, in order to perform its activities the Group must comply with the environmental legislation of Federal, State and Local governments, which may include changes to the conditions of or further obligations under its environmental and water use licences and other regulated entitlements.

Consumption Trends

Vegan or plant-based products are becoming more mainstream and as a result there is potential for future movement away from traditional dairy milk-based products, which could adversely impact the Group's revenues in the future.

DIRECTORS' REPORT, CONTINUED.

INFORMATION ON DIRECTORS

The following persons held office as directors of the Company during or since the end of the year.
The names and details of the directors are:

Name	Position
Peter Nathan	Executive Chairman
Jason Dong	Non-Executive Director
Scott Lai	Non-Executive Director
Andy Zhang	Non-Executive Director (appointed 2 October 2024)

Peter Nathan	Executive Chairman
Qualifications	Bachelor of Business (Marketing), University of South Australia
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 10,342,203 shares at 30 June 2025. A relevant interest in 1,500,000 options at 30 June 2025
Mr Peter Nathan is an experienced corporate executive with strong financial acumen and a pioneer in the infant formula business. Peter is the former CEO of Asia Pacific for the a2 Milk Company (ASX:A2M) and was instrumental in a2's success, leading its most profitable business segment and delivering exceptional shareholder value and growing revenue from \$7m to \$1.3bn over his 14-year tenure. Peter has also held Senior Sales & Marketing Management roles for Colgate Palmolive & Gillette.	

Jason Dong	Non-Executive Director
Qualifications	Master of Commerce (University of Melbourne) Bachelor of Economics, Shanxi University of Finance and Economics, China
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 500,000 shares at 30 June 2025.
Jason Dong was appointed to the Board on 15 April 2021. Jason is a highly skilled executive with extensive experience working with Australian and Chinese enterprises to promote trade and industry relationships. His previous roles include Industry Adviser and Research Fellow for the Centre of International Agricultural Research of the Chinese Academy of Agricultural Sciences and a member of the Industry Advisory Board for the Centre for Asian Business and Economics at the University of Melbourne.	

DIRECTORS' REPORT, CONTINUED.

Scott Lai	Non-Executive Director
Qualifications	Bachelor of Commerce - Banking, Finance and Risk Management (Griffith University) Master of Commerce - Professional Accounting (Griffith University)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 49,064,135 shares at 30 June 2025.
<p>Scott Lai was appointed to the Board on 7 August 2023. Scott brings strong financial market knowledge and an extensive network of more than 1,000 corporate and high net worth investors to the Group. He also has a strong track record of establishing and growing innovative businesses in highly regulated sectors including financial services and energy markets with demonstrated skills managing teams of more than 100 employees. In 2017 Mr Lai founded IJ Financial Services Pty Ltd and has grown this business to be a preeminent leader in the fund investment and mortgage loan industry in Queensland with a specific focus on the Chinese market. Mr Lai is also a director of IJ Funds Management Pty Ltd which has been a major shareholder in the Group since 2022.</p>	

Andy Zhang	Non-Executive Director
Qualifications	Master of Commerce - Professional Accounting (Deakin University)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 707,506 shares at 30 June 2025.
<p>Andy Zhang was appointed to the Board on 2 October 2024. Andy brings a wealth of experience and knowledge in the Infant Formula category in both China and Australia with over 10 years' experience as a major distributor. Andy has a unique position in the Infant Formula industry in Australia, as he established and built his own cross border business for key ANZ brands from scratch to revenue of circa AUD 400M empire over a 10-year timeframe. His distribution platform leverages his deep and unique knowledge of e-commerce platforms & the O2O and Daigou channels. Andy is the nominee director of Alpha Professional Holdings limited.</p>	

COMPANY SECRETARY

Ms Elizabeth Spooner serves as company secretary of the Company. She was appointed as the Company Secretary on 22 February 2024.

Elizabeth Spooner is a Senior Company Secretary and Corporate Lawyer at Confidant Partners, a corporate secretarial provider. Ms Spooner holds a Juris Doctor degree from the Australian National University, a Bachelor of Business Administration with Bachelor of Arts and a Graduate Diploma of Applied Corporate Governance from the Governance Institute. Elizabeth Spooner is an experienced governance and compliance professional who works closely with a number of boards of both listed and unlisted public companies. Elizabeth has no relevant interest in shares at 30 June 2025.

MEETINGS OF DIRECTORS

The Board generally meets on a monthly basis either in person or by telephone conference. Directors meet bi-annually with the Group's auditor to discuss relevant issues arising in relation to the half year review and annual audit. On matters of corporate governance, the Board retains a direct interest rather than through a separate committee structure which at this stage is appropriate for a Board of this size and structure. At each Board meeting written reports in relation to operating strategies and activities are provided as well as risk and compliance matters with a particular focus on occupational health and safety, food safety and quality and key strategic and emerging risks.

Aside from formally constituted directors' meetings, the directors and chairman are in regular contact regarding the operation of the Group and particular issues of importance.

DIRECTORS' REPORT, CONTINUED.

The number of directors' meetings and number of meetings attended by each of the Company directors during the financial year are set out in the table below:

Directors	Meetings eligible to attend	Meetings attended
Peter Nathan	11	11
Jason Dong	11	11
Scott Lai	11	9
Andy Zhang	6	4

DIVIDENDS PAID OR RECOMMENDED

The directors have not recommended or paid a dividend for the year ended 30 June 2025 (2024: \$nil) at the date of this report.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the Company paid an insurance premium in respect of an insurance policy insuring the directors, the company secretary and all executive officers of the Group against a liability incurred as a consequence of holding that office in the Group to the extent permitted by the Corporations Act 2001. The amount of the premium was \$41,365 (2024: \$41,750) for all directors and officers for the year.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings against or on behalf of the Group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. No proceeding has had or is likely to have a material impact on the financial position of the Group.

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and is satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- i) all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and,
- ii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards Board.

During the year ended 30 June 2025 there was no payment to external auditors for non-audit services (2024: \$nil).

OPTIONS / PERFORMANCE SECURITIES

At the date of this report, there are 10,620,000 unissued ordinary shares of Australian Dairy Nutritionals Limited under option or performance rights.

A summary of movements in options and other performance securities is set out in Note 25.

For details of options and performance securities issued to directors and executives as remuneration, refer to the Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2025 has been received and a copy can be found at page 25.

DIRECTORS' REPORT, CONTINUED.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Australian Dairy Nutritionals Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific incentives based on achievement of key operational and strategic objectives affecting the Group's performance. Whilst the Board acknowledges that the Company received a first strike in relation to the remuneration report for financial year ending 30 June 2024, the Board has acted on the message from shareholders to ensure the remuneration policy is appropriate and effective in its ability to attract and retain high-quality KMP to manage the Group, as well as create goal congruence between directors, executives and shareholders based on the performance of the Group.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- the remuneration policy is developed and approved by the Board. The Group does not have a remuneration committee due to the current size and nature of the Group's activities. Professional advice is sought by the Board from independent external consultants when required;
- All KMP receive a base salary (which is based on factors such as role and experience, market comparison with equivalent roles, performance and length of service) plus superannuation;
- Performance incentives are based on the achievement of strategic and operational objectives by the KMP, which are agreed in advance, typically shortly after the Group's budget and strategy for the relevant financial year is approved;
- Performance incentives are only paid if the Board determines the KMP has met the predetermined key performance indicators (KPIs);
- Incentives paid in the form of equity are intended to align the interests of the KMP with the Group and the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance, and comparable information from

industry sectors. Performance of KMP is reviewed on an ongoing basis with a formal review conducted annually. This includes review of the relevant KMP's performance against agreed objectives and award of incentives (if applicable). The remuneration policy is designed to attract a high caliber of executives and reward them for performance leading to long-term growth in shareholder value.

KMP receive, at a minimum, a superannuation guarantee contribution in line with legislation. Some individuals, however, may choose from time to time to sacrifice part of their salary to increase payments towards superannuation.

There are currently no defined benefit superannuation entitlements to KMP and upon retirement KMP are paid employee benefit entitlements accrued to the date of retirement. Any options or rights not exercised before or on the date of termination will lapse (unless otherwise agreed by the Board).

All remuneration paid to KMP is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for their time, commitment, and responsibilities. The Chairman determines payments to the directors and reviews their remuneration annually, based on performance, market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of remuneration that can be paid to directors is subject to approval by shareholders at the annual general meeting.

Directors and executives are entitled to participate in the Company's Long Term Incentive Plan (LTIP) to align their interests with shareholders' interests.

KMP or closely related parties of KMP are prohibited from entering hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits directors and KMP from using Australian Dairy Nutritionals Limited shares as collateral in any financial transaction, including margin loan arrangements.

Engagement Of Remuneration Consultants

During the financial year, no consultants were engaged by the remuneration committee to review the elements of KMP remuneration and provide recommendations. As the size and nature of the Group's activities increase, this may become necessary.

DIRECTORS' REPORT, CONTINUED.

Performance-Based Remuneration

Performance incentives are set annually, in consultation with KMP and based on the Group's strategic and operational objectives, both short term and long term. For executives, a portion of the measures typically focus on the overall performance of the Group (measured by specific performance metrics) and a portion are tailored to the operational area each individual is accountable for. The KPIs target areas the Board believes hold greatest potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually, based on an assessment of the KMP's performance against the agreed KPIs. In determining whether a KPI has been achieved, the Group bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports may be obtained from other organisations.

Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and the Board determines whether the relative attached KPI is approved.

Relationship Between Remuneration Policy And Group Performance

As noted above, the remuneration policy provides for a fixed and variable component of remuneration for KMP's of the Group. The fixed component of a KMP's remuneration is a contractual obligation and cannot be amended without the agreement of the relevant KMP or, termination of the KMP. The remuneration policy provides for a variable component of the KMP's remuneration which is at-risk and only granted to the KMP if pre-agreed

performance conditions are achieved. The variable component of the KMP's remuneration is designed to reward the KMP only for performance which contributes to the performance of the Group thereby aligning the experience of the KMP with the experience of the shareholder. The issue of performance-based incentives to KMP pursuant to the Group's Long Term Incentive Plan is to align KMP and shareholder interests. The Group believes this policy to be effective in driving KMP's and other Group personnel to increase shareholder wealth in future years.

Performance Conditions Linked To Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various reward schemes, specifically the incorporation of incentive payments based on the achievement of predetermined performance criteria on revenue, financial results and production, quality and operational KPI's and continued employment with the Group. This provides KMP with performance targets which focus on the key financial results whilst ensuring the appropriate production, quality and operational standards are also met.

The satisfaction of the performance conditions is based on a review of the audited financial statements and performance specific to production, quality and operational KPI's. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

The performance-related proportions of remuneration based on these targets are included in the following tables. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

DIRECTORS' REPORT, CONTINUED.

Employment Details Of Members Of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

Name	Position Held	Contract Details	Proportions of Elements of Remuneration Related to Performance		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives	Securities	Fixed Salary
			%	%	%
Peter Nathan (commenced 3 June 2024)	Chair	(i)	-	9	91
Jason Dong (commenced 15 April 2021)	Director	(i)	-	-	100
Scott Lai (commenced 7 August 2023)	Director	(i)	-	-	100
Andy Zhang (commenced 2 October 2024)	Director	(i)	-	-	100
Sundaranathan Mahinthan	Group CEO	3 months' notice	-	12	88

(i) Directors do not have fixed term contracts. Under certain conditions their tenure may be terminated without notice and does not compel directors to provide notice prior to terminating their employment with the company.

Changes In Directors And KMP Subsequent To Year-End

There has been no change in directors or KMP subsequent to year end.

DIRECTORS' REPORT, CONTINUED.

Remuneration Expense Details For The Year Ended 30 June 2025

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long-term Benefit	Termination Benefits	Equity-settled Share-based Payments	Total
	Salary / Director's Fees	Annual Leave	Super Contributions	LSL	Termination Benefits	Performance Rights	
	\$	\$	\$	\$	\$	\$	\$
Current KMP:							
Peter Nathan - 2025	100,125	-	11,514	-	-	11,200	122,839
Peter Nathan - 2024	6,250	-	687	-	-	-	6,937
Scott Lai - 2025	65,000	-	7,475	-	-	-	72,475
Scott Lai - 2024	58,535	-	6,439	-	-	-	64,974
Jason Dong - 2025	60,000	-	6,900	-	-	-	66,900
Jason Dong - 2024	60,000	-	6,600	-	-	-	66,600
Sundaranathan Mahinthan - 2025	331,154	10,943	29,869	-	-	49,033	420,999
Sundaranathan Mahinthan - 2024	12,639	1,122	1,453	-	-	-	15,214
Andy Zhang - 2025	44,839	-	5,156	-	-	-	49,995
Andy Zhang - 2024	-	-	-	-	-	-	-
Former KMP:							
A Rowley - 2024	5,000	-	550	-	-	-	5,550
M Bryant - 2024	15,208	-	1,673	-	-	-	16,881
B Kavanagh - 2024	56,306	-	6,194	-	-	-	62,500
P Skene - 2024	336,221	140,751	36,275	99,411	102,500	-	715,158
Total - 2025	601,118	10,943	60,914	-	-	60,233	733,208
Total - 2024	550,159	141,873	59,871	99,411	102,500	-	953,814

DIRECTORS' REPORT, CONTINUED.

Options And Rights Granted As Share-Based Payments

During the year ended 30 June 2025 are as follows:

	Grant Details					Balance at 30/06/2025
	Balance at 01/07/2024	Grant Date	Reason for Grants	No.	Value (\$)	
Peter Nathan	-	27/11/2024	(i)	1,500,000	34,092	1,500,000
Sundaranathan Mahinthan - options	-	4/10/2024	(ii)	8,120,000	118,275	8,120,000
Sundaranathan Mahinthan - performance rights	-	4/10/2024	(iii)	1,000,000	18,922	1,000,000
	-			10,620,000	171,289	10,620,000

	Balance at 30/06/2025	Vested	Unvested
		No.	No.
Peter Nathan	1,500,000	-	1,500,000
Sundaranathan Mahinthan - options	8,120,000	-	8,120,000
Sundaranathan Mahinthan - performance rights	1,000,000	-	1,000,000
	10,620,000	-	10,620,000

The fair value of options and performance rights granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

- (i) The options have been granted subject to the completion of three years continued service and vest evenly at the anniversary of the issue date. Should the service criteria not be met for a particular year, the portion of the options available for that year shall be considered forfeited.
- (ii) The options have been granted subject to the completion of three years continued service and subject to the individual meeting predetermined performance criteria on revenue, financial results and production, quality and operational KPI's. The options vest evenly at the anniversary of the issue date. Should the performance criteria not be met for a particular year, the portion of the options available for that year shall be considered forfeited.
- (iii) The performance rights have been granted subject to the completion of one years' service and subject to the individual meeting predetermined performance criteria on revenue, financial results and production, quality and operational KPI's. The performance rights vest at the anniversary of the issue date. Should the performance criteria not be met, the portion of the options available for that year shall be considered forfeited.

Description of Options And Rights Granted As Remuneration

Details of the options and performance rights granted as remuneration to those KMP listed in the previous tables are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price	Value at Grant Date	Amount Paid / Payable by Recipient
Options granted:						
04-Oct-24	Australian Dairy Nutritionals Limited	1:1 Ordinary Shares	18-Dec-29 (expiry)	\$0.02	\$0.015	\$0.02
27-Nov-24	Australian Dairy Nutritionals Limited	1:1 Ordinary Shares	18-Dec-29 (expiry)	\$0.02	\$0.023	\$0.02
Performance rights granted:						
04-Oct-24	Australian Dairy Nutritionals Limited	1:1 Ordinary Shares	18-Dec-29 (expiry)	nil	\$0.019	nil

Option values at grant date were determined using the Black- Scholes model.

Details relating to service and performance criteria required for vesting have been provided in the Options and Rights Granted as Remuneration table above.

DIRECTORS' REPORT, CONTINUED.

Key Management Personnel (KMP) Shareholdings

The number of ordinary shares held directly, indirectly, or beneficially by each KMP (or their related parties) of the Group during the financial year is as follows:

30 June 2025	Balance at 01/07/2024	Purchased on Market	Balance at 30/06/2025
Current KMP:			
Peter Nathan	-	10,342,203	10,342,203
Jason Dong	500,000	-	500,000
Scott Lai	49,064,135	-	49,064,135
Sundaranathan Mahinthan	-	1,500,000	1,500,000
Andy Zhang (i)	-	707,506	707,506
	49,564,135	12,549,709	62,113,844

(i) Appointed as a director 2 October 2024

Other Equity-Related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Other Transactions With KMP And/Or Their Related Parties

The Group utilises a storage facility owned by director Andy Zhang. During the year, there was no consideration (2024: nil) paid by the Group to Andy Zhang for usage of the facility.

There have been no other transactions with KMP or their related parties during the year (2024: \$nil).

First Strike - 2024 AGM

At the Company's 2024 Annual General Meeting (AGM), more than 25% of the votes cast by shareholders were against the adoption of the Remuneration Report in the annual report for the financial year ending 30 June 2024 (2024 Remuneration Report). Accordingly, the Company received a 'first strike' on its Remuneration Report.

The Board was disappointed by the outcomes of the November 2024 AGM and has taken the shareholder feedback seriously. Several initiatives have been undertaken to address the issues raised to ensure there is greater alignment between management and shareholders whilst also honouring its contractual obligations to its personnel.

This concludes the remuneration report which has been audited.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Peter Nathan
Chair

28 August 2025

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall Corporate Governance of the Group.

The Board monitors the operational and financial position and performance of the Group and oversees the business strategy, including approving the strategic goals of the Group and considering and approving its business plan and the associated farm, processing and corporate budgets.

The Board is committed to maximising performance and growth and generating appropriate levels of shareholder value and returns. In conducting the Group's business, the Board strives to ensure the Group is properly managed to protect and enhance shareholder interests and that the Group operates in an open and transparent corporate governance environment. In accordance with this, the Board has developed and adopted a framework of Corporate Governance systems, processes, policies and risk management practices and internal controls that it believes are appropriate for the Group.

The ASX Listing Rules require the Group to report on the extent to which it has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (ASX Principles and Recommendations) throughout the financial year ended 30 June 2025. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the Reporting Period, and which is current as of 28 August 2025, was approved by the Board as part of the Annual Report and can be found on the Investor Centre page at <https://adnl.com.au/investorcentre>

The Corporate Governance Statement, which was lodged with this Annual Report, discloses the extent to which the Group will follow the recommendations taking into account the relatively small size of the Group in determining the extent of practical implementation.

The principal governance related policies and practices are as follows:

- Corporate Governance Statement
- Board Charter
- Securityholder Communication Policy
- Risk Management Policy
- Market Disclosure Policy
- Share Trading Policy
- Code of Conduct
- Board Skills Matrix

Details of the Group's key policies, charters for the Board and code of conduct are available on the Group's website under the Investor Centre at www.adnl.com.au.

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration Under Section 307c of the Corporations Act 2001 To the directors of Australian Dairy Nutritionals Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Gavin Ruddell
Director

28 August 2025

Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

Registered Audit Company 299289
Moore Australia Audit (QLD) Pty Ltd – ABN 49 115 261 722
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL STATEMENTS 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Continuing Operations			
Revenue	3(a)	7,168,459	6,263,071
Other income	3(b),9	594,556	-
Administration and non-dairy related costs	3(c)(i)	(636,840)	(771,791)
Employment expenses	3(c)(ii)	(2,815,378)	(3,061,012)
Finance costs	3(c)(iii)	(117,474)	(136,181)
Dairy farm related costs	3(c)(iv)	(2,926,537)	(4,141,911)
Infant formula product related costs	3(c)(v)	(4,328,512)	(2,286,716)
Depreciation and amortisation		(860,799)	(1,047,867)
Deemed cost of livestock sold	9	(1,336,050)	(1,554,415)
Loss from changes in fair value of livestock	9	-	(346,132)
Impairment of intangibles, property, plant and equipment	3(c)(vi)	(2,571)	(356,222)
Loss before income tax		(5,261,146)	(7,439,176)
Income tax expense	4	-	-
Loss for the period		(5,261,146)	(7,439,176)
Other comprehensive income			
Items that will be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		(5,261,146)	(7,439,176)
Loss attributable to:			
Company shareholders		(5,209,050)	(7,356,460)
Non-controlling interest		(52,096)	(82,716)
		(5,261,146)	(7,439,176)
Total comprehensive loss attributable to:			
Company shareholders		(5,209,050)	(7,356,460)
Non-controlling interest		(52,096)	(82,716)
		(5,261,146)	(7,439,176)
Earnings per share from continuing and discontinued operations:			
Basic earning per share (cents)	28	(0.72)	(1.13)
Diluted earnings per share (cents)	28	(0.72)	(1.13)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	2025 \$	2024 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,687,954	6,106,312
Trade and other receivables	6	1,260,510	598,073
Inventories	7	1,340,222	1,623,793
Biological assets	9	161,804	238,558
Other current assets	8	138,767	384,093
Total Current Assets		5,589,257	8,950,829
Non-Current Assets			
Biological assets	9	893,645	1,635,139
Right of use assets	10	60,280	515,340
Intangible assets	11	383,166	393,707
Property, plant & equipment	12	18,162,452	18,851,582
Total Non-Current Assets		19,499,543	21,395,768
Total Assets		25,088,800	30,346,597
LIABILITIES			
Current Liabilities			
Trade and other payables	13	1,102,959	1,078,758
Lease liabilities	10	48,452	464,215
Provisions	14	275,172	268,196
Borrowings	15	-	1,739,957
Total Current Liabilities		1,426,583	3,551,126
Non-Current Liabilities			
Lease liabilities	10	-	48,452
Provisions	14	14,742	20,450
Total Non-Current Liabilities		14,742	68,902
Total Liabilities		1,441,325	3,620,028
Net Assets		23,647,475	26,726,569
EQUITY			
Issued capital	16	78,855,230	76,733,411
Reserves	17	3,664,999	3,604,766
Accumulated losses		(58,672,314)	(53,463,264)
Equity attributable to shareholders		23,847,915	26,874,913
Non-controlling interests			
Accumulated losses		(200,440)	(148,344)
Equity attributed to non-controlling interests		(200,440)	(148,344)
Total Equity		23,647,475	26,726,569

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Cash Flows from Operating Activities			
Receipts from customers		6,588,287	6,845,112
Payments to suppliers and employees		(10,107,937)	(10,942,982)
Interest received		54,412	20,916
Finance costs		188,984	(362,042)
Net operating cash flows	5(b)	(3,276,254)	(4,438,996)
Cash Flows from Investing Activities			
Payment for property, plant & equipment	12(b)	(188,140)	(249,247)
Proceeds from sale of property, plant & equipment		140,545	7,016,339
Payment for intangible assets	11(a)	-	(32,342)
Net investing cash flows		(47,595)	6,734,750
Cash Flows from Financing Activities			
Net proceeds from issue of shares	16	2,121,819	642,391
Proceeds from borrowings - unsecured		311,633	332,820
Repayment of borrowings - unsecured		(346,537)	(297,915)
Proceeds from borrowings - secured		-	1,676,014
Repayment of borrowings - secured	15(ii)	(1,780,000)	-
Repayment of lease principal		(401,424)	(550,181)
Net financing cash flows		(94,509)	1,803,129
Net increase / (decrease) in cash held		(3,418,358)	4,098,883
Cash at the beginning of the period		6,106,312	2,007,429
Cash at the end of the financial period	5	2,687,954	6,106,312

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Issued Capital Ordinary	Asset Revaluation Reserve	Option Reserve	Non- controlling Interests	Accumulated Losses	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2024		76,733,411	3,604,766	-	(148,344)	(53,463,264)	26,726,569
Comprehensive income for the year							
Loss attributable to company shareholders for the year		-	-	-	-	(5,209,050)	(5,209,050)
Non-controlling interests		-	-	-	(52,096)	-	(52,096)
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(52,096)	(5,209,050)	(5,261,146)
Transactions with equity holders in their capacity as equity holders and other transfers							
Share based payments	25(b)	-	-	60,233	-	-	60,233
Contribution of equity, net of transaction costs	16(a)	2,121,819	-	-	-	-	2,121,819
Total transactions with equity holders		2,121,819	-	60,233	-	-	2,182,052
Balance at 30 June 2025		78,855,230	3,604,766	60,233	(200,440)	(58,672,314)	23,647,475

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

	Issued Capital Ordinary	Asset Revaluation Reserve	Option Reserve	Non- controlling Interests	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	76,091,020	6,477,280	74,615	(65,628)	(49,053,933)	33,523,354
Comprehensive income						
Loss attributable to company shareholders for the period	-	-	-	-	(7,356,460)	(7,356,460)
Non-controlling interests	-	-	-	(82,716)	-	(82,716)
Total comprehensive loss for the period	-	-	-	(82,716)	(7,356,460)	(7,439,176)
Transactions with equity holders in their capacity as equity holders and other transfers:						
Transfer to retained earnings		(2,872,514)	(74,615)	-	2,947,129	-
Contribution of equity, net of transaction costs	642,391	-	-	-	-	642,391
Total transactions with equity holders	642,391	(2,872,514)	(74,615)	-	2,947,129	642,391
Balance at 30 June 2024	76,733,411	3,604,766	-	(148,344)	(53,463,264)	26,726,569

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue by the Board of Directors as at the date of signing the directors' declaration.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The financial statements have been prepared using the going concern basis of preparation. During the year the Group incurred a loss of \$5.26 million (2024: \$7.44 million loss), has total accumulated losses of \$58.87 million and had a net cash outflow from operations of \$3.28 million (2024: \$4.44 million outflow). The Group's cash and cash equivalent balance as at 30 June 2025 was \$2.69 million, and it has an unutilised loan facility of \$1.22 million.

The Board is satisfied the going concern basis of preparation remains appropriate, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of at least one year from the date of this report.

The Board has been closely monitoring working capital and cash flows throughout the year while the Future brand was in development and was launched and infant formula product sales build as the Group works to gain access to international markets.

The Board is confident in the Group's ability to continue as a going concern for the 12-month period based on its current cash and cash equivalents and forecasts for the next 12 months. In addition to the above, as a listed entity, the Group also has capital raising opportunities available to it from existing shareholders as well as sophisticated investors with strong alignment to the Group's strategy and future objectives.

The Board are satisfied at the date of signing the financial report there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial report does not include any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the Company and all subsidiaries from the date on which control is obtained by the Company.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Company entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company. A list of subsidiaries appears in Note 22 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(c) Income tax

The Company's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Tax consolidation

The Company and its wholly owned entities have formed a tax-consolidated group with effect from 1 July 2014 and are, therefore, taxed as a single entity from that date. The head entity within the tax consolidated group is Australian Dairy Nutritionals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the 'separate taxpayer within the group' approach by reference to carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits to the tax consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

(d) Fair value of assets

The Group measures some of its assets at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(e) Inventories

Inventories and consumables held for use in operations are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The method used to determine costs for inventory categories are:

Feedstocks, hay and silage: Purchase price of inventory and other direct costs for farm produced inventory.

Packaging: Purchase price of packaging including transport costs.

Raw materials: Purchase price of raw materials including transport costs.

Finished goods: Purchase price of raw materials, direct labour, other direct production costs and overheads.

(f) Biological Assets

Biological assets are comprised of crops (feed stock) and livestock (dairy cattle). Livestock are measured at fair value less costs to sell, with any change recognised in profit or loss. Feed stock is measured at cost until such time as the feed has been harvested at which point the costs are transferred to inventory and recognised in profit or loss as the feedstock is consumed. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The Group, at each reporting date, appoints an external, independent valuer who having recent experience in the location and nature of cattle held by the Group performs a valuation for the reporting date. Fair value is determined by reference to market values for cattle of similar age, weight, breed and genetic make-up. The fair value represents the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(g) Financial instruments

Financial assets

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Amortised cost

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

Financial liabilities

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments.

Simplified approach

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc.).

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful-life rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate (years)
Land	Not depreciated
Buildings	40 years
Fixed Improvements	30 years
Plant and equipment - owned	2-20 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated redeemable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income in the period which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Equity-settled payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity. The fair value of options is determined using a binomial pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Intangible Assets other than Goodwill

Recipes, formulations, trademarks and patents

Recipes, formulations, trademarks and patents are recognised at cost of acquisition. They have an indefinite life and are tested annually for impairment and carried at cost less any accumulated impairment losses.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(o) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Revenue and Other Income

Revenue recognition policies are as follows:

The sale of dairy farm and nutritional powder segment products are measured at the fair value of consideration received net of any trade discounts and volume rebates allowed.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(q) Revenue and Other Income (cont'd)

The sale of nutritional powders represents a single performance obligation and accordingly, revenue will be recognised in respect of the sale of these goods at the point in time when control over the corresponding goods and services is transferred to the customer (i.e. at a point in time for sale of goods when the goods are delivered to the customer or transfer to the freight forwarder).

Dairy cattle sales are recognised when:

- there has been a transfer of control to the customer (through the execution of a sales agreement at the time of delivery of the cattle to the customer);
- the quantity and quality of the cattle has been determined; and
- the price is fixed and generally title has passed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(r) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The director's continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Judgements and estimates are based on historical experience and on other various factors they believe are reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Accounting measurements for which significant judgements, estimates and assumptions have been made are:

- Carrying value determination of land and buildings, refer Note 12(a);
- Carrying value determination of right of use assets, refer Note 10(a);
- Carrying value determination of intangible assets, refer Note 11(a)(i);
- Fair value determination of livestock, refer Note 9;
- Share-based payments, refer Note 25; and
- Income tax and other taxes, refer Note 4;

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(s) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2025, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(t) New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 2: PARENT ENTITY

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2025 \$	2024 \$
Statement of Financial Position		
Assets		
Current Assets	17,986,409	18,537,194
Non-current Assets	1,236,819	1,305,779
Total Assets	19,223,228	19,842,973
Liabilities		
Current Liabilities	454,061	1,751,585
Non-current Liabilities	11,023	2,434
Total Liabilities	465,084	1,754,019
Equity		
Issued capital	78,855,229	76,733,410
Reserves	60,233	-
Retained earnings	(60,157,318)	(58,644,456)
Total Equity	18,758,144	18,088,954
Statement of Comprehensive Income		
Total loss	(1,512,862)	(1,644,679)
Total comprehensive loss	(1,512,862)	(1,644,679)

Contingent liabilities and guarantees

The Company does not have any contingent liabilities or guarantees for the year ended 30 June 2025.

Contractual commitments

At 30 June 2025, the parent company had not entered into any contractual commitments.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 3: REVENUE AND EXPENSES

	Footnote	2025 \$	2024 \$
(a) Revenue			
Continued operations			
Revenue from contracts with customers	(i)	7,034,617	6,175,188
Other sources of revenue	(ii)	133,842	87,883
		7,168,459	6,263,071
(i) Revenue disaggregation			
The revenue is disaggregated by service line and timing of revenue recognition.			
Service lines			
- Nutritional powders		3,072,130	640,895
- Dairy Farms		3,962,487	5,534,293
		7,034,617	6,175,188
Timing of revenue recognition			
Services transferred to customers:			
- at a point in time		7,034,617	6,175,188
(ii) Other sources of revenue			
Interest - unrelated		54,412	20,916
Farm costs recoveries		19,400	25,100
Fuel rebate and other revenue		60,030	41,867
		133,842	87,883
(b) Other income			
Gain from changes to fair value of livestock		594,556	-
(c) Expenses			
(i) Administration and non-dairy related costs			
Administration costs		274,004	401,846
Professional costs		312,410	326,622
Property costs		50,426	43,323
		636,840	771,791
(ii) Employee benefits expense			
Employee and director remuneration costs		2,755,145	3,061,012
Equity settled share-based payment costs		60,233	-
		2,815,378	3,061,012
(iii) Finance costs			
Loans - secured		79,660	88,878
Loans - unsecured		18,994	19,556
Lease liabilities		18,820	27,747
		117,474	136,181

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 3: REVENUE AND EXPENSES, (cont'd)

	Note	2025 \$	2024 \$
(c) Expenses continued.			
(iv) Dairy related costs			
Feed costs		1,588,634	2,334,127
Repairs, maintenance and vehicle costs		221,270	346,029
Animal health costs		25,625	20,323
Land holding and lease costs		13,687	25,850
Breeding and herd testing expenses		46,651	86,810
Dairy shed expenses		132,652	136,518
Electricity		97,940	117,594
Other dairy farm related costs		800,078	1,074,660
		2,926,537	4,141,911
(v) Nutritional powders related costs:			
Cost of goods sold		2,304,915	460,730
Inventory impairment		752,805	612,198
Manufacturing related costs		499,947	728,955
Advertising and marketing costs		320,545	327,722
Property related costs		63,027	40,831
Bad Debts		155,147	-
Other infant formula costs		232,126	116,280
		4,328,512	2,286,716
(vi) Impairment expenses			
Property, plant and equipment	12	-	111,630
Intangible assets	11	2,571	244,592
		2,571	356,222

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 4: INCOME TAX EXPENSE

	2025 \$	2024 \$
(a) The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax at 25% (2024: 25%):	(1,315,286)	(1,859,794)
Add / (less)		
Tax effect of:		
- trust (profit) / loss not recognised		
- current period tax losses not recognised	1,602,634	1,577,985
- net amount of expenses not currently deductible	(287,348)	282,965
- other income not included in assessable income	-	(1,156)
Income tax expense / (benefit) attributable to entity	-	-

Applicable weighted average effective tax rates are nil due to losses.

(b) Deferred taxes not recognised

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur. The amount of losses ultimately available is also dependent on compliance with conditions of deductibility imposed by law.

	2025 \$	2024 \$
Temporary differences	460,562	732,376
Tax losses	14,773,831	13,171,196
Capital losses	188,265	188,265
Deferred liability on asset revaluation	(901,191)	(901,191)
Net unbooked deferred tax assets	14,521,467	13,190,646

The Group has significant carry forward tax losses and will only be able to utilise these losses subject to it satisfying certain carry forward rules and other taxation legislation such as the Same Business Test and/or the Continuity of Ownership Test. Due to the changes that have occurred within the Group since these losses commenced accumulating, there is uncertainty as to the likelihood of the Group being able to utilise these losses. The Group has previously endeavoured to obtain a private ruling as to the status of its carry forward losses from the Australian Taxation Office (ATO) only to be advised that the ATO will not rule on the applicability of carry forward tax losses until such time as the Group endeavours to utilise those losses.

The 2024 comparative year amounts have been re-stated to agree to tax returns as lodged.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 5: CASH AND CASH EQUIVALENTS

	Note	2025 \$	2024 \$
Current			
Cash at bank and in hand		2,687,954	6,106,312
Total cash and cash equivalents	26	2,687,954	6,106,312

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation of Cash

For the purpose of the Consolidated Cash Flow Statement, cash includes cash and cash equivalents comprising the following at 30 June 2025:

Cash at bank and in hand	2,687,954	6,106,312
	2,687,954	6,106,312

(b) Reconciliation of Profit after Income Tax to Cash Flows from Operations

Net loss after income tax	(5,261,146)	(7,439,176)
Adjustment of non cash items		
Amortisation & depreciation	860,799	1,047,867
Deemed cost of livestock disposed	1,336,050	1,554,415
Fair value adjustment of biological assets	(594,556)	346,132
Net loss on disposal of property, plant and equipment	147,463	9,933
Inventory impairments	752,805	612,198
Impairment expenses	2,571	356,222
Finance costs	79,660	88,878
Equity settled share-based payments	60,233	-
Bad debt provision	155,147	-
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
(Increase) / decrease in trade and other receivables	(838,188)	49,527
(Increase) / decrease in other assets	240,614	(40,466)
(Increase) / decrease in inventories and biological assets	(263,775)	(728,838)
Increase / (decrease) in trade and other payables	44,801	146,411
Increase / (decrease) in provisions	1,268	(442,098)
Net operating cash flows	(3,276,254)	(4,438,996)

(c) Changes in liabilities arising from finance activities

	1 July 2024 \$	Cash flows \$	Non-cash Movements \$	30 June 2025 \$
Borrowings	1,739,957	(1,814,905)	74,948	-
Lease liabilities	512,667	(401,424)	(62,791)	48,452
	2,252,624	(2,216,329)	12,157	48,452

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 6: TRADE AND OTHER RECEIVABLES

	Note	2025 \$	2024 \$
Current			
Trade debtors		1,164,897	529,625
Other receivables		95,613	68,448
Total current trade and other receivables	26	1,260,510	598,073

The Group applies the simplified approach to providing for expected credit loss prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(a) Lifetime Expected Credit Loss Credit Impaired

2025	Current	> 30 days past due	> 60 days past due	>90 days past due	Total
	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	100%	11%
Gross carrying amount	1,260,510	-	-	153,764	1,414,274
Loss allowance provision	-	-	-	(153,764)	(153,764)

2024	Current	> 30 days past due	> 60 days past due	>90 days past due	Total
	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount	594,583	-	-	3,490	598,073
Loss allowance provision	-	-	-	-	-

Credit Risk

The Group has a significant concentration of credit risk with five (2024: two) key customer totaling \$1,281,079 (2024: \$454,417) or 91% (2024: 76%) of receivables at balance date. There is a 100% loss allowance provision for one customer with a balance past 90 days due and the remaining outstanding amounts are within terms at year end and these customers have historically paid within terms.

The class of assets described as "trade and other receivables" is considered to be the main source of credit risk to the Group.

On a geographical basis, the Group has credit risk exposures in Australia, Vietnam and Hong Kong.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(b) Financial Assets Measured at Amortised Cost

	Note	2025 \$	2024 \$
Trade and other receivables			
Total current		1,260,510	598,073
Total financial assets measured at amortised cost	26	1,260,510	598,073

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 7: INVENTORIES

	Note	2025 \$	2024 \$
Current			
Feedstocks, hay and silage		259,666	140,934
Packaging		144,559	65,631
Raw materials, finished goods and chemicals		935,997	1,417,228
Total inventories (at cost)		1,340,222	1,623,793

NOTE 8: OTHER ASSETS

		2025 \$	2024 \$
Current			
Prepayments		138,767	363,043
Bonds and deposits	26	-	21,050
Total other assets		138,767	384,093

NOTE 9: BIOLOGICAL ASSETS

	Note	2025 \$	2024 \$
Current			
Feed crops		161,804	238,558
Non-current			
Dairy livestock	(i)	893,645	1,635,139
Total biological assets		1,055,449	1,873,697
Opening carrying amount		1,873,697	3,535,686
Movement in feed crops		(76,754)	238,558
Deemed cost of livestock disposed		(1,336,050)	(1,554,415)
Gain / (loss) from changes to fair value		594,556	(346,132)
Closing carrying amount		1,055,449	1,873,697

Movement during the year (herd numbers):

	2025 No.	2024 No.
Opening balance	1,674	2,305
Natural increase and attrition	317	754
Sales	(1,225)	(1,385)
Closing balance	766	1,674

(i) Biological assets represent the dairy livestock owned by the Group. At 30 June 2025, the livestock has been valued at fair value, by an independent stock agent, based on the prices in the open cattle market in the locality of the dairy operations. A fair value gain of \$594,556 (2024: \$346,132 loss) has been recognised in profit and loss at 30 June 2025, and represents price movements, natural increase and the movement in ages of young stock.

Financial risks associated with the Group's dairy herd relates to selling prices of milk, and is managed by way of contracted revenue prices.

During the year ended 30 June 2025, the Group produced 3.5 million litres (2024: 5.8 million litres) of raw milk. The average number of cows milked during the year was 569 (2024: 939).

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 10: RIGHT OF USE ASSETS

(a) AASB 16 related amounts recognised in the statement of financial position

	2025 \$	2024 \$
Right of use assets		
Leased land and buildings	353,741	1,483,969
Accumulated depreciation	(293,461)	(968,629)
Total right of use assets	60,280	515,340

Movement in carrying amounts:

	Footnote		
Opening balance	(i)	515,340	1,009,996
Additions	(ii)	-	-
Disposals	(iii)	(67,224)	-
Depreciation expense		(387,836)	(494,656)
Net carrying amount		60,280	515,340

(i) The Group has the following carried forward land and building lease recognised under AASB16.

- a 3-year and 3 months lease on 651 acres of land at Claidheamh, Darlington, Victoria with an expiry date of 22 March 2026.

(ii) The Group did not enter into any leases recognised under AASB 16 during the year.

(iii) The Group disposed of the following leases recognised under AASB 16 during the year.

- a 3-year lease on 368 acres of land on Cooramook Road, Grassmere, Victoria, which expired 24 December 2024.
- a 3-year lease on a warehouse at 3/216 Blackshaws Road, Altona North, Victoria, with an expiry date of 31 May 2025 was terminated 16 December 2024.
- a 3-year lease on 410 acres of land at 463 Moreys Road, Brucknell, Victoria with an expiry date of 14 July 2025 was terminated 31 May 2025.
- a 3-year lease on 229 acres of land at 463 Moreys Road, Brucknell, Victoria with an expiry date of 14 July 2025 was terminated 15 April 2025.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 10: RIGHT OF USE ASSETS, (cont'd)

(b) AASB 16 related amounts recognised in the statement of profit or loss

	Note	2025 \$	2024 \$
Depreciation charge related to right of use assets		269,922	376,743
Interest expense on lease liabilities (included in finance costs)		18,820	27,747

(c) AASB 16 related amounts recognised in the statement of cash flows

Total cash outflows for leases		401,424	550,181
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(d) Lease liabilities

Current

Lease liabilities		48,452	464,215
Total current lease liabilities		48,452	464,215

Non-current

Lease liabilities		-	48,452
Total non-current lease liabilities		-	48,452

Total lease liabilities	26	48,452	512,667
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NOTE 11: INTANGIBLE ASSETS

	2025 \$	2024 \$
Recipes, formulations, trademarks and patents		
-at cost	630,329	630,329
Less accumulated impairment	(247,163)	(244,592)
	<u>383,166</u>	<u>385,737</u>
Product development		
-at cost	59,505	59,505
Less accumulated amortisation	(59,505)	(51,535)
Total intangible assets	<u>-</u>	<u>7,970</u>

(a) The movement in carrying amounts of intangibles comprises:

	Footnote	2025	2024
Opening balance		393,707	635,732
Additions in year		-	32,342
Impairment expenses	(i)	(2,571)	(244,592)
Amortisation		(7,970)	(29,775)
Closing balance		383,166	393,707

(i) The useful lives of intangible assets have been assessed at 30 June 2025 and are considered to remain appropriate. In the 30 June 2024 comparative, following the deletion of the historical Future range the Board wrote off the recipes, formulations, trademarks and patents associated with the range (refer Note 3(vi)).

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Footnote	2025 \$	2024 \$
Land, buildings and improvements			
- at fair value		13,592,291	13,550,778
less accumulated depreciation		(209,213)	(106,562)
	(a)	13,383,078	13,444,216
Plant and equipment			
- at cost		6,695,749	6,900,204
less accumulated depreciation		(1,916,375)	(1,492,838)
		4,779,374	5,407,366
Total property, plant and equipment		18,162,452	18,851,582

(a) Below is a table showing the carrying value of land and buildings and improvements by property:

Property name	Footnote	Acquisition Date	2025	2024
Yaringa - Nirranda South	(i)	4 October 2018	8,563,578	8,544,216
Infant Formula Facility	(ii)	1 July 2022	4,819,500	4,900,000
Total			13,383,078	13,444,216

- (i) Registered valuers Preston Rowe Paterson completed an independent valuation of the farm for 30 June 2023. The basis of the valuation was 'As Is and In Use' with vacant possession and the fair value of the farm was \$8,400,000. The Board has reviewed the carrying amount at 30 June 2025 and are satisfied it is not impaired. The carrying amount represents the independent valuations from June 2023 plus capitalised costs from the valuation date, less depreciation.
- (ii) Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and infant formula building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at \$5,100,000. At the 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the fair value at \$4,900,000. The Board has reviewed carrying amount at 30 June 2025 and are satisfied it is not impaired. The carrying amount represents the independent valuation from June 2024 plus capitalised costs from the valuation date, less depreciation.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 12: PROPERTY, PLANT AND EQUIPMENT, (cont'd)

(b) Movements in the carrying amounts:

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land, Buildings & Improvements	Plant & Equipment	Total
2025	\$	\$	\$
Balance beginning of the financial year	13,444,216	5,407,366	18,851,582
Additions	58,138	130,002	188,140
Disposals	(14,411)	(279,953)	(294,364)
Depreciation expense	(104,865)	(478,041)	(582,906)
Balance at end of financial year	13,383,078	4,779,374	18,162,452

		Land, Buildings & Improvements	Plant & Equipment	Total
2024	Note	\$	\$	\$
Balance beginning of the financial year		20,500,000	5,881,586	26,381,586
Additions		178,216	71,031	249,247
Disposals		(6,987,592)	(38,679)	(7,026,271)
Transfer between classes		(5,451)	5,451	-
Fair value adjustments	3(vi)	(111,630)	-	(111,630)
Depreciation expense		(129,327)	(512,023)	(641,350)
Balance at end of financial year		13,444,216	5,407,366	18,851,582

NOTE 13: TRADE AND OTHER PAYABLES

	Note	2025 \$	2024 \$
Current			
Trade creditors		496,018	336,903
Sundry creditors and accrued expenses		606,941	741,855
Total trade and other payables		1,102,959	1,078,758
Financial liabilities at amortised cost classified as trade and other payables			
Total Trade and other payables		1,102,959	1,078,758
Financial liabilities as trade and other payables	26	1,102,959	1,078,758

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 14: PROVISIONS

	2025 \$	2024 \$
Current		
Employee benefits	275,172	268,196
Total current provisions	275,172	268,196
Non-Current		
Employee benefits	14,742	20,450
Total non-current provisions	14,742	20,450
	289,914	288,646
Opening Balance	288,646	730,743
Additional provisions	198,809	74,627
Amounts used	(197,541)	(516,724)
Closing Balance	289,914	288,646

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j) to this report.

NOTE 15: BORROWINGS

	Footnote	2025 \$	2024 \$
Current			
Loans - unsecured	(i)	-	34,905
Loans - secured	(ii)	-	1,780,000
Transaction costs		-	(74,948)
Total current borrowing		-	1,739,957

(i) In the 30 June 2024 comparative, the Group had an unsecured short-term loan for payment of the Group's insurance policies.

(ii) On 5 December 2023, the Group established a \$3,000,000 secured loan facility with Gippsreal Limited. The facility is secured against the Group's Yaringa dairy farm as well as a first ranking security over the assets of the borrower in connection with the property. The loan is for a period of 24 months and the lender has the right to review the terms and conditions of the loan on an annual basis. Interest is calculated on a variable interest rate at the Reserve Bank of Australia prevailing rate plus a margin of 5.4% per annum. On 27 August 2024 the Group repaid the drawn down loan facility balance of \$1,780,000 and at 30 June 2025 has the unused facility balance of \$1,220,000 available.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 16: ISSUED CAPITAL

	2025	2024
	\$	\$
Contributed equity of the Group	78,855,230	76,733,411

(a) Movement in ordinary shares at 30 June 2025:

Details	Date	Number of Shares	Issued Capital	Issue Price
			\$	\$
Opening balance	01 Jul 2024	646,366,797	76,733,411	-
Placement shares (i)	13 Sep 2024	48,477,509	1,163,460	0.024
Placement shares (ii)	13 Sep 2024	48,477,509	969,550	0.02
Transaction costs		-	(11,191)	-
30 June 2025		743,321,815	78,855,230	

(i) On 13 September 2024, there were 48,477,509 shares issued as part of a strategic placement. The fair value of shares issued, determined by reference to the placement price of \$0.024, was \$1,163,460

(ii) On 13 September 2024, there were 48,477,509 shares issued as part of a strategic placement. The fair value of shares issued, determined by reference to the placement price of \$0.02, was \$969,550

(b) Movement in ordinary shares at 30 June 2024:

Details	Date	Number of Shares	Issued Capital	Issue Price
			\$	\$
Opening balance	01 Jul 2023	611,472,858	76,091,020	-
Placement shares (i)	11 Jul 2023	32,272,727	710,000	0.022
Placement shares (ii)	11 Jul 2023	12,121,212	-	-
Cancellation of loan securities (iii)	19 Jan 2024	(9,500,000)	-	-
Transaction costs		-	(67,609)	-
30 June 2024		646,366,797	76,733,411	

(i) On 11 July 2023, there were 32,272,727 shares issued to sophisticated investors. The fair value of shares issued, determined by reference to the placement price of \$0.022, was \$710,000, with transaction costs of \$67,609.

(ii) On 26 April 2023, there were 33,333,333 shares issued to Mr Xin Yang in a private placement. The fair value of shares issued, determined by reference to the placement price of \$0.03, was \$1,000,000, with transaction costs of \$50,000. Subsequent to the initial issue, on 11 July 2023, Mr Yang was issued a further 12,121,212 top up shares to ensure consistency with the price of the completed share purchase plan on 29 June 2023.

(iii) On 19 January 2024, 9,500,000 loan securities issued under the Company's Long Term Incentive Plan were bought back.

(c) Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Group defines capital as its equity and net debt. There has been no change to capital risk management policies during the year.

The Group manages its capital structure and makes funding decisions based on the prevailing economic environment to manage capital risk which includes determining when the issue of new shares is necessary.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios when relevant to the drawing down of loan facilities.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 17: RESERVES

Nature and purpose of reserves

Option reserve

The option reserve records amounts recognised on issue of share-based payments (options and securities).

Asset revaluation reserve

The asset revaluation reserve records revaluation of land and buildings.

NOTE 18: COMMITMENTS

There are no capital expenditure commitments contracted for the year ended 30 June 2025 (2024: nil).

NOTE 19: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities for the year ended 30 June 2025 (2024: nil).

NOTE 20: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2025.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

		2025	2024
	Note	\$	\$
Short term		612,061	692,032
Post-employment		60,914	59,871
Other Long-term		-	201,911
Share-based payments	3c(ii)	60,233	-
		733,208	953,814

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 21: AUDITORS' REMUNERATION

Remuneration of the auditor for:

	2025	2024
	\$	\$
Audit and review of the financial statements	94,863	89,651

NOTE 22: CONTROLLED ENTITIES

Particulars in relation to controlled entities	Footnote	Class of Equity	2025 Percentage Owned %	2024 Percentage Owned %
Parent Entity:				
Australian Dairy Nutritionals Limited	(a)			
Wholly Owned Controlled Entities				
SW Dairy Farms Pty Ltd		ordinary	100	100
Camperdown Dairy Company Pty Ltd		ordinary	100	100
Organic Nutritionals Pty Ltd		ordinary	100	100
Regen Properties Pty Ltd		ordinary	100	100
Regen Farms Pty Ltd		ordinary	100	100
Regen Operations Pty Ltd		ordinary	100	100
Camperdown Dairy Park Trust		units	100	100
Other Controlled Entities				
Ocean Dairy Pty Ltd (i)		ordinary	50	50

All controlled entities have the same financial year end as that of the holding company and all controlled entities are incorporated in Australia. All entities principal place of business and country of incorporation is Australia. All ownership interests are directly held and have equal voting rights. There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(i) The directors have assessed the governance and operational structure of Ocean Dairy Pty Ltd ("Ocean Dairy") and concluded that, despite there being equal shareholding and board representation between Australian Dairy Nutritionals Limited (Company) and Wellnex Life Ltd, Ocean Dairy is controlled by the Company. This conclusion is based on the following clauses of the shareholder's agreement:

- The Company maintains the right to purchase Ocean Dairy for up to 5 years; and
- The Company also has an exclusive license to sell the core and other products outside of Australia and New Zealand, so has access to variable returns from the products.

Furthermore the Company maintains day to day operational and management oversight of Ocean Dairy thereby directly impacting Ocean Dairy's ability to earn variable returns. The directors are therefore of the view that the Company has control over Ocean Dairy as described by AASB 10 – Consolidated Financial Statements by maintaining power over Ocean Dairy to direct its relevant activities. On this basis Ocean Dairy Pty Ltd has been consolidated in the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 23: RELATED PARTY TRANSACTIONS

(a) The Group's main related parties are as follows

(i) Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is Australian Dairy Nutritionals Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 20.

(iii) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Funding amongst Group entities is on an unsecured, interest free, no fixed term basis.

NOTE 24: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service; and
- external regulatory requirements.

The Group has two reportable segments:

Nutritional Powders - There has been no change to the nutritional powders segment which includes the processing and sale of dairy and nutritional products to domestic and international markets.

Dairy Farms - There has been no change to the dairy farms segment which includes the ownership and operation of dairy farms and dairy livestock for the production and sale of fresh raw milk for conversion to milk and milk products.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Corporate costs and KMP remuneration have not been allocated to segments but are reviewed by the Board and there are no intersegment sales.

Segment assets

If an asset is used across multiple segments, if possible, it is allocated to the segment that receives the majority of economic value from it, otherwise it is split between segments. Segment assets are generally identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are, if possible, allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment, otherwise they are split between segments. Segment liabilities include trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 24: SEGMENT REPORTING, (cont'd)

(i) Segment Performance

30 June 2025	Nutritional Powders	Dairy Farms	Total
	\$	\$	\$
Revenue			
External sales	3,072,130	4,041,917	7,114,047
Other income	-	594,556	594,556
Interest revenue	-	54,412	54,412
Total segment revenue	3,072,130	4,690,885	7,763,015
Total group revenue			7,763,015
Segment net loss before tax	(3,041,070)	(652,346)	(3,693,416)
Reconciliation of segment result to group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate charges	(783,865)	(783,865)	(1,567,730)
Net loss before tax			5,261,146

(ii) Segment Performance

30 June 2024

Revenue			
External sales	668,177	5,573,978	6,242,155
Interest revenue	-	20,916	20,916
Total segment revenue	668,177	5,594,894	6,263,071
Total Group revenue			6,263,071
Segment net profit / (loss) before tax	(3,704,420)	(1,928,606)	(5,633,026)
Reconciliation of segment result to group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate charges	(903,075)	(903,075)	(1,806,150)
Net loss from continuing operations before tax			(7,439,176)

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 24: SEGMENT REPORTING, (cont'd)

(iii) Segment Assets

As at 30 June 2025	Nutritional Powders	Dairy Farms	Total
	\$	\$	\$
Segment assets	13,205,680	11,883,120	25,088,800
Segment assets include:			
Additions to non-current assets	124,881	63,259	188,140

(iv) Segment Assets

As at 30 June 2024	Nutritional Powders	Dairy Farms	Total
	\$	\$	\$
Segment assets	14,863,323	15,483,274	30,346,597
Segment assets include:			
Additions to non-current assets	74,406	207,182	281,588

(v) Segment Liabilities

As at 30 June 2025	Nutritional Powders	Dairy Farms	Total
	\$	\$	\$
Segment liabilities	1,160,645	280,680	1,441,325

(vi) Segment Liabilities

As at 30 June 2024	Nutritional Powders	Dairy Farms	Total
	\$	\$	\$
Segment liabilities	741,275	2,878,753	3,620,028

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 24: SEGMENT REPORTING, (cont'd)

(iv) Revenue by geographic region

Revenue attributable to external customers is disclosed below, based on the location of the external customer

	2025	2024
	\$	\$
Australia	5,610,033	6,038,283
Other foreign countries	2,152,982	224,788
Total revenue	7,763,015	6,263,071

(v) Assets by geographic region

The location of segment assets is disclosed below by geographical location of the assets

	2025	2024
	\$	\$
Australia	25,088,800	30,346,597
Other foreign countries	-	-
Total assets	25,088,800	30,346,597

NOTE 25: SHARE BASED PAYMENTS

(a) Employee share scheme

Set out below are performance rights and options granted under the Group Incentive Plan as share-based payments during the period:

Grant date	Expiry date	Vesting date	Note	Exercise price	Balance at 1 July 2024	Granted during the period	Vested and issued during the period	Forfeited during the period	Balance at 30 June 2025
Performance rights									
4/10/2024	18/12/2029	18/12/2025	(i)	-	-	1,000,000	-	-	1,000,000
Options									
4/10/2024	18/12/2029	18/12/2025	(ii)	\$0.02	-	2,706,667	-	-	2,706,667
4/10/2024	18/12/2029	18/12/2026	(ii)	\$0.02	-	2,706,667	-	-	2,706,667
4/10/2024	18/12/2029	18/12/2027	(ii)	\$0.02	-	2,706,666	-	-	2,706,666
27/11/2024	18/12/2029	18/12/2025	(iii)	\$0.02	-	500,000	-	-	500,000
27/11/2024	18/12/2029	18/12/2026	(iii)	\$0.02	-	500,000	-	-	500,000
27/11/2024	18/12/2029	18/12/2027	(iii)	\$0.02	-	500,000	-	-	500,000
						- 10,620,000	-	-	10,620,000

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 25: SHARE BASED PAYMENTS, (cont'd)

(i) Performance rights granted - Mahinthan Sundaranathan (KMP)

The performance rights were issued for no consideration and vest in one year based on performance against non-market based targets for revenue, financial results and production, quality and operational KPI's determined by the Board. The fair value of the performance rights was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of performance rights issued	1,000,000
Fair value at grant date (per right)	\$0.019
Grant date	4 October 2024
Exercise price	\$0.00
Expiry date	18 December 2029
Share price at grant date	\$0.019
Expected price volatility of Company's shares	101%
Expected dividend yield	nil
Risk-free interest rate	3.56%

(ii) Options granted - Mahinthan Sundaranathan (KMP)

The options were issued for no consideration and vest in three equal tranches based on performance against non-market based targets for revenue, financial results and production, quality and operational KPI's determined by the Board. The fair value of the options was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of options issued	8,120,000
Fair value at grant date (per option)	\$0.015
Grant date	4 October 2024
Exercise price	\$0.02
Expiry date	18 December 2029
Share price at grant date	\$0.019
Expected price volatility of Company's shares	101%
Expected dividend yield	nil
Risk-free interest rate	3.56%

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 25: SHARE BASED PAYMENTS, (cont'd)

(iii) Options granted - Peter Nathan (Chairman)

The options were issued for no consideration subject to completion of three years continued service and vest evenly at the anniversary of the issue date.. The fair value of the options was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of options issued	1,500,000
Fair value at grant date (per option)	\$0.023
Grant date	27 November 2024
Exercise price	\$0.02
Expiry date	18 December 2029
Share price at grant date	\$0.029
Expected price volatility of Company's shares	93%
Expected dividend yield	nil
Risk-free interest rate	3.99%

(b) Total expenses arising from share-based transactions recognised during the period are as follows:

	Note	2025 \$	2024 \$
Employee share scheme - share based payment expenses	3(c)(ii)	60,233	-

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments consist mainly of deposits with banks, loans and receivables, bonds and deposits, trade and other payables, borrowings and lease liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2025 \$	2024 \$
Financial assets			
Financial assets at amortised cost:			
Cash and cash equivalents	5	2,687,954	6,106,312
Loans and receivables	6	1,260,510	598,073
Bonds and deposits	8	-	21,050
Total financial assets		3,948,464	6,725,435

Financial Risk Management Policies

Financial liabilities

Financial liabilities at amortised cost:

Lease liabilities	10	48,452	512,667
Trade and other payables	13	1,102,959	1,078,758
Borrowings	15	-	1,739,957
Total financial liabilities		1,151,411	3,331,382

The main purpose of the financial instruments listed is to raise finance for the Group's operations when the Board considers it appropriate. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risks arising from the Group's financial instruments include interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 26: FINANCIAL RISK MANAGEMENT, (cont'd)

Treasury Risk Management

The Board considers financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are reviewed by the Board when necessary. These include the use of credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

(a) Credit risk

The Group trades only with parties that it believes to be creditworthy. The maximum exposure to credit risk is equivalent to the financial assets' carrying value. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, however the Group will always have exposure to potential bad debts (see also Note 6).

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, bonds and deposits, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments. The Group generally does not require third party collateral.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with appropriately regulated financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table following presents contractual maturity of the Group's financial instruments. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates taking into consideration management expectations that Group banking facilities will be extended.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 26: FINANCIAL RISK MANAGEMENT, (cont'd)

(b) Liquidity risk, continued.

Financial Liability and Financial Asset Maturity Analysis:

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Borrowings	-	(1,739,957)			-	-	-	(1,739,957)
Lease liabilities	(48,452)	(464,215)	-	(48,452)	-	-	(48,452)	(512,667)
Trade & other payables	(1,102,959)	(1,078,758)	-	-	-	-	(1,102,959)	(1,078,758)
Total expected outflows	(1,151,411)	(3,282,930)	-	(48,452)	-	-	(1,151,411)	(3,331,382)
Financial assets - cash flows realisable								
Cash	2,687,954	6,106,312	-		-	-	2,687,954	6,106,312
Trade and other receivables	1,260,510	598,073	-		-	-	1,260,510	598,073
Bonds and deposits	-	19,250	-	1,800	-	-	-	21,050
Total anticipated inflows	3,948,464	6,723,635	-	1,800	-	-	3,948,464	6,725,435
Net (outflows) / inflows on financial instruments	2,797,053	3,440,705	-	(46,652)	-	-	2,797,053	3,394,053

(c) Market risk

Interest Rate Risks

The Group at the date of this report has \$2,687,954 in variable rate cash balances.

Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to variable interest rate at balance date.

This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 30 June 2025, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2025	2024
	\$	\$
Change in profit		
- Increase in interest rate by 1%	26,880	43,263
- Decrease in interest rate by 1%	(26,880)	(43,263)
Change in equity		
- Increase in interest rate by 1%	(26,880)	(43,263)
- Decrease in interest rate by 1%	26,880	43,263

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 26: FINANCIAL RISK MANAGEMENT, (cont'd)

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

		Carrying Amount		Fair Value	
	Footnote	2025 \$	2024 \$	2025 \$	2024 \$
Financial assets at amortised cost:					
Cash and cash equivalents	(i)	2,687,954	6,106,312	2,687,954	6,106,312
Trade and other receivables	(i)	1,260,510	598,073	1,260,510	598,073
Bonds and deposits	(i)	-	21,050	-	21,050
Total financial assets		3,948,464	6,725,435	3,948,464	6,725,435
Financial liabilities					
Trade and other payables	(i)	1,102,959	1,078,758	1,102,959	1,078,758
Lease liabilities	(ii)	48,452	512,667	48,452	512,667
Borrowings	(ii)	-	1,739,957	-	1,739,957
Total financial liabilities		1,151,411	3,331,382	1,151,411	3,331,382

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables, bonds and deposits and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.
- (ii) Fair values on borrowings and lease liabilities are determined using a discounted cash flow model incorporating current commercial borrowing rates.

NOTE 27: FAIR VALUE MEASUREMENT

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Biological assets
- Land and buildings

The Group may measure some items of property at fair value on a non-recurring basis. The Group does not subsequently measure any other assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 27: FAIR VALUE MEASUREMENT, (cont'd)

(a) Fair Value Hierarchy, continued.

The fair values of assets and liabilities that are not traded in an active market are determined using one valuation technique. This valuation technique maximises, to the extent possible, the use of observable market data. All significant inputs required to measure fair value are observable, therefore the asset or liability is included in Level 2.

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with the following valuation approach:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

The following tables provide the fair values of the Group's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2025	Note	Level 1 \$	Level 2 \$	Level 3 \$	Level 4 \$	Total \$
Non-financial assets						
Biological assets - dairy livestock	9	-	893,645	-	-	893,645
Land and buildings	12	-	13,383,078	-	-	13,383,078
Total non-financial assets recognised at fair value on a recurring basis		-	14,276,723	-	-	14,276,723

30 June 2024	Note	Level 1 \$	Level 2 \$	Level 3 \$	Level 4 \$	Total \$
Non-financial assets						
Biological assets - dairy livestock	9	-	1,635,139	-	-	1,635,139
Land and buildings	12	-	13,444,216	-	-	13,444,216
Total non-financial assets recognised at fair value on a recurring basis		-	15,079,355	-	-	15,079,355

(b) Techniques and Inputs Used to Measure Level 2 Fair Values

In the absence of an active market for an identical asset, the Group selects and uses one or more valuation techniques to measure the fair value of the asset. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

NOTE 27: FAIR VALUE MEASUREMENT, (cont'd)

(a) Fair Value Hierarchy, continued.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Description	Fair Value at 30 June 2025	Valuation Technique(s)	Input Used
	\$		
Non-financial assets			
Biological assets - dairy livestock	893,645	Market approach using recent observable industry market data for dairy cattle	Breed, weight, condition
Land and buildings	13,383,078	Market approach using recent observable comparable sales evidence	Price per hectare, improvements value, current replacement cost
	14,276,723		

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 28: EARNINGS PER SHARE CALCULATIONS

	2025 cents	2024 cents
From continuing and discontinued operations :	(0.72)	(1.13)
Basic loss per share	(0.72)	(1.13)
Diluted loss per share		
	2025 \$	2024 \$
Reconciliation of earnings to profit or loss:	(5,209,050)	(7,356,460)
Loss attributable to shareholders		
	Number of Shares	Number of Shares
Weighted average number of stapled securities outstanding during the year used in calculating basic EPS		
Weighted average number of options outstanding	723,399,551	650,408,059
Weighted average number of stapled securities outstanding during the year used in calculating dilutive EPS	723,399,551	650,408,059

All options on issue are considered to be dilutive potential ordinary shares, however they are presently anti-dilutive at 30 June 2025 as the average market price of shares during the period is less than the exercise price of all options.

NOTE 29: DIVIDENDS

The directors have not recommended or paid a dividend for the year ended 30 June 2025 (2024: \$nil) at the date of this report.

NOTE 30: EVENTS AFTER THE BALANCE DATE

In the opinion of the directors there are no material matters that have arisen since 30 June 2025 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2025

Presented below is the consolidated entity disclosure statement for Australian Dairy Nutritionals Limited at 30 June 2024. This statement outlines the relevant information noted in the table below for each entity in Australian Dairy Nutritionals Limited consolidated group.

Entity name	Entity type	Place formed or incorporated	% of share capital held	Australian resident or foreign resident
Australian Dairy Nutritionals Limited	Body Corporate	Australia	n/a	Australian
SW Dairy Farms Pty Ltd	Body Corporate	Australia	100%	Australian
Camperdown Dairy Company Pty Ltd	Body Corporate	Australia	100%	Australian
Organic Nutritionals Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Properties Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Farms Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Operations Pty Ltd	Body Corporate	Australia	100%	Australian
Ocean Dairy Pty Ltd	Body Corporate	Australia	50%	Australian
Camperdown Dairy Park Trust	Trust	Australia	n/a	Australian



DIRECTORS' DECLARATION



DIRECTORS' DECLARATION

For the year ended 30 June 2025

In the opinion of the directors of Australian Dairy Nutritionals Group:

- (a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the Company's and Group's financial position as at 30 June 2025 and of their performance for the year ended on that date; and
 - (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
- (b) the consolidated entity disclosure statement presented on page 66 is true and correct.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2025.

This declaration is made in accordance with a resolution of the Board of directors.

Peter Nathan
Chair

28 August 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS



Moore Australia

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Independent Audit Report To the members of Australian Dairy Nutritionals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Dairy Nutritionals Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial report which indicates that during the year the Group incurred a loss of \$5.26 million (2024: \$7.44 million loss) has total accumulated losses of \$58.87 million and had a net cash outflow from operations of \$3.28 million (2024: \$4.44 million outflow). As stated in Note 1(a), these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter below to be the Key Audit Matter.

Registered Audit Company 299289
Moore Australia Audit (QLD) Pty Ltd – ABN 49 115 261 722
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.



Key audit matter	How the matter was addressed in our audit
Assessment of carrying value of property, plant and equipment	
Refer to Note 13 Property, Plant and Equipment	
<p>At 30 June 2025 key assets of the Group included property, plant and equipment of \$18,162,452. During the year the Group continued to record operating losses and cash outflows from operating activities.</p> <p>Accounting standards require an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. The Group has identified impairment indicators which required management to perform an impairment assessment.</p> <p>Impairment testing of property plant and equipment was a key audit matter due to the significance of the value of the recorded assets in the statement of financial position.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We completed site visits at locations of material property, plant and equipment and inspected the general state of the assets to assess whether assets continue to be employed in the business and are in sound working order; • We performed procedures to determine that recorded assets existed and were reported completely and accurately in the financial records of the Group and that there were no physical indications to materially impact their carrying value; • We considered managements assessment of the carrying values of the land and buildings specifically and performed substantive procedures in order to corroborate management's assessment that there has not been a material movement in the market for the Groups land & buildings since its most recent formal valuation; and • We evaluated the adequacy of the disclosures made in the financial report regarding the assessment of the carrying value of the Groups property, plant and equipment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.



Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- ii) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- iii) and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on The Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in pages 18 to 23 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Australian Dairy Nutritionals Limited, for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Gavin Ruddell
Director

Brisbane

28 August 2025

Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

SHAREHOLDER INFORMATION

The following information was extracted from Australian Dairy Nutritional Group's Register of Shareholders on 18 August 2025:

TWENTY LARGEST SHAREHOLDERS - ORDINARY SECURITIES

		Securities Held	% of Issued Capital
1	CITICORP NOMINEES PTY LIMITED	66,602,679	8.96
2	FIRE DRAGON CAPITAL PTY LTD	48,477,509	6.52
3	XIN YANG	45,454,545	6.12
4	IJ FUNDS MANAGEMENT PTY LTD	42,503,864	5.72
5	MR XIN DONG	34,565,378	4.65
6	MRS QIUMEI DING	32,060,000	4.31
7	MR JIMMY THOMAS & MS IVY RUTH PONNIAH	22,203,671	2.99
8	MR LI ZENG	18,971,960	2.55
9	BARADNIL PTY LIMITED	12,500,000	1.68
10	BNP PARIBAS NOMINEES PTY LTD	8,962,846	1.21
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,599,015	1.16
12	MR PETER SKENE	8,073,951	1.09
13	IAN&JON INVESTMENT PTY LTD	6,560,271	0.88
14	MR GUIFENG ZHANG	6,131,072	0.82
15	MS XUPING SONG	6,029,166	0.81
16	NATHCORP HOLDINGS PTY LTD	5,951,058	0.80
17	FINCLEAR SERVICES PTY LTD	5,302,095	0.71
18	BLOSSOMED PTY LTD	5,050,898	0.68
19	MOWSAN PTY LTD	5,018,022	0.68
20	MR ZHONGDE ZHAO	4,776,432	0.64
		393,794,432	52.98
Total shares on issue		743,321,815	100.00

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of Securityholders	Shares	%
100,001 and Over	571	690,329,127	92.87
10,001 to 100,000	1,207	47,610,735	6.41
5,001 to 10,000	460	3,846,974	0.52
1,001 to 5,000	498	1,486,176	0.20
1 to 1,000	217	48,803	0.01
	2,953	743,321,815	100.00

ESCROWED SECURITIES

At 18 August 2025, 48,477,509 fully paid ordinary shares issued to Fire Dragon Capital Pty Ltd are subject to escrow until 13 September 2025.

MARKETABLE PARCELS

On 18 August 2025, using the last traded share price of \$0.046 per share, there were 1,198 holdings totalling 5,624,033 shares, which were of less than a marketable parcel (\$500).

VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder.

SHAREHOLDER INFORMATION, CONTINUED.

SUBSTANTIAL SECURITYHOLDERS

The names of the substantial shareholders listed in the Group's register on 18 August 2025 are:

	Shares Held	Voting Power Advised
ALPHA PROFESSIONAL HOLDINGS LIMITED	48,477,509	6.52%
FIRE DRAGON CAPITAL PTY LTD	48,477,509	6.52%
XIN YANG	45,454,545	6.12%
IJ FUNDS MANAGEMENT PTY LTD	42,503,864	5.72%

UNLISTED OPTIONS/RIGHTS OVER ORDINARY SECURITIES

PERFORMANCE RIGHTS OVER UNISSUED SHARES

At the date of this report, there are 1,000,000 performance rights over unissued ordinary shares of Australian Dairy Nutritionals Limited held by 1 rights holder.

OPTIONS OVER UNISSUED SHARES

At the date of this report, there are 9,620,000 unlisted options to acquire ordinary shares of Australian Dairy Nutritionals Limited held by 2 option holders.



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