

**MARKET UPDATE****Production of Australia's first organic A2 milk powder**

The Board of Australian Dairy Nutritionals Group (**AHF** or the **Group**) is pleased to advise that a major milestone has been achieved this week with our production of organic A2 whole milk powder with milk sourced from our farms. We believe this is Australia's first production of organic A2 milk powder. With AHF's farms located just 20 minutes from its infant formula plant the Group's organic A2 milk powder and infant formula will provide consumers with unrivalled freshness and quality.

Over the last 12 months several significant milestones have been achieved by the Group including, converting the dairy herd to all A2 cows, commercialising and launching the 'future' infant formula range as well as construction and commissioning of the infant formula factory to shortly commence producing Australia's first Organic A2 infant formula made from Australian milk.

*Group CEO Peter Skene said that "there have been no shortage of challenges over the last year for all businesses, however the management team have done an excellent job of not just meeting the challenges, but also continuing to achieve key strategic milestones."*

**AHF finalises FY23 milk supply arrangements**

The Board is also pleased to advise that it has finalised farmgate milk supply arrangements for the 12-month period from 1 July 2023.

There has been a significant uplift in the farmgate price of conventional milk during this year's contracting period with initial indications from processors indicating a price of over \$8.60 per kg, however many processors finished with a final price of over \$9.50 per kg solids. As the differential between conventional and organic milk prices has narrowed many farmers have indicated they will cease or intend to cease organic milk production which is likely to drive up demand for organic milk in following years.

The Group's average raw milk price for FY23 represents an increase of approximately 26% on FY22 prices for conventional milk and 25% increase for organic milk. When the new infant formula plant is fully operational the Group expects to utilise a significant proportion of the organic A2 protein milk produced on its farms in the production of its organic A2 infant formula. Trial and testing of the organic A2 infant formula products are progressing well with first commercial production still targeted for Q1 FY2023.

**IJFM Placement Update**

The Board also advises that the placement with IJ Funds Management (**IJFM**) has now closed, and the Subscription Agreement concluded, with no further funds advanced by IJFM. The total amount raised under the Placement was \$2,750,000 and 42,503,864 fully paid ordinary stapled securities were issued to IJFM, giving them a holding of 7.75% of the Group's issued capital.

The Group will now work with IJFM to expand its distribution network within China. Further details of the scope of the consulting services can be found in the announcement of the Placement dated 10 March 2022.

The release of this announcement was authorised by the Board of Directors of AHF.

**Ends**

#### **Further Details**

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#### **About Australian Dairy Nutritionals Group**

*Australian Dairy Nutritionals Group (AHF) is a vertically integrated Australian dairy group which owns high quality organic and organic A2 dairy farms, and a processing facility located in Southwestern Victoria, the 'Golden Triangle' of Australia's dairy industry. The Group have now added to the award-winning milks and yoghurts with a new premium range of infant formulas and are nearing completion of a purpose-built infant formula factory ready for the launch of its organic A2 infant formula in 2022. The Group is a trusted source of premium quality branded dairy products using fresh milk sourced direct from its farms.*

#### **Disclaimer – Forward Looking Statements**

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