

Clarification to Market Update of 20 December 2021**Entry to the China market for future® formula range****Supply agreement executed with Tier 1 cross-border distributor in China**

The Board of Australian Dairy Nutritionals Group (**AHF** or **Company**) are pleased to the following clarification in relation to this morning's Market Update in relation to the entry into a supply arrangement with a distributor for the China cross border e-commerce channel.

The Company has entered a supply agreement with a well-established Tier 1 distributor, GMH Trading Pty Ltd. There are no conditions to the commencement of the supply arrangement. The Group has today dispatched an initial order of 8 pallets (over 2,000 units) of the future® infant formula range which will be shipped to China in the new year.

The Company will pay GMH an agreed fee based on sales of the products through its sales channels and platforms in China. The appointment is on a non-exclusive basis and there is no minimum volume commitment. The agreement is ongoing subject to termination events typical of an agreement of this nature and the right of either party to voluntarily terminate the agreement with 2 months' written notice.

The Group considers the agreement material to the Group as it establishes sales of the Group's future infant formula range with an experienced infant formula distributor in the important Chinese cross border e-commerce (**CBEC**) channel.

Group CEO Peter Skene commented, *"This is a very important step that will be backed by a targeted marketing campaign to create awareness and drive sales of the Group's infant formula products. The cross-border channel has become increasingly important with the reduction in the personal shopper channel due to Covid-19 travel restrictions"*.



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

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Further Details

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Communications Policy

AHF makes ASX market releases at times directors believe it would be helpful or necessary for investors and as required by the Listing Rules. For further information regarding our shareholder communications policy, please refer to AHF's website: www.adnl.com.au.

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.