

Letter from the Chairman

- **Don't risk your infant formula company by handing control to 3 Directors that have no infant formula manufacturing or sales experience**
- **It is important you vote to protect your investment in AHF – VOTE AGAINST all resolutions**

Dear Securityholders,

This week you will have received correspondence from the minority securityholders who are trying to take control of the Board of AHF by holding an extraordinary general meeting (**EGM**) on Friday 18th November 2022.

No Plan or Strategy

On 26 October 2022 the minority securityholders finally provided their “plan” for AHF to securityholders. They are clearly NOT up to date with the activities of AHF as most of their **short term and short-to-medium term targets have already been executed by the current Board and Management** including:

The Minority Shareholders' Plan	AHF feedback
Completion of the spray drying plant to at least a powder plant capability.	The Plant ALREADY produces powders AND infant formula
Domestic Marketing Plans to ensure key brand awareness and acceptance.	Domestic Marketing Plan in place including: <ul style="list-style-type: none"> ✓ Chemist Warehouse promotion program ✓ Future brand and Ocean Dairies Website ✓ Social media channels – domestic and China
The development of the world's most premium baby formula range - A2 + Organic.	ALREADY developed, manufactured, and launched
The working capital for the initial production of the baby formula range.	ALREADY produced and funded
The employment of critical staff (Plant, Sales & Marketing) based on the company's ability to fund these roles.	<ul style="list-style-type: none"> ✓ In place with actual experience ✓ High risk key staff will leave if Minority Securityholders take control
Successfully launch a domestic A2 organic baby formula range of products.	<ul style="list-style-type: none"> ✓ ALREADY launched ✓ National ranging in Chemist Warehouse ✓ Participation in annual range reviews of major retailers
Reduce company complexity and costs	<ul style="list-style-type: none"> ✓ Closure of Camperdown Dairy fresh milk operations and Manifold site ✓ Destaple Australian Dairy Farms Trust (ADFT) and remove AFSL (2022 AGM resolution)

We thank the Minority Securityholders for recognising the significant part which the Organic A2 farm milk production, infant formula plant and Ocean Road Dairies Organic A2 brand will play in the future of AHF. **These are ALL significant achievements by the current Board and Management**, much of this through the Covid-19 (Victoria) period.



The Minority Securityholders' short to medium term plans also refer to "identifying and executing" the capital requirements to fund further activities. With traditional debt funding very difficult for AHF to obtain at this stage of its development we can only assume that the Minority Securityholders intend to conduct an equity raising OR, may seek to fund further investment by themselves to increase their stake in AHF and ultimately take it over while AHF's distribution network is being built and the share price is low.

Board and Management Skills

Unfortunately, the Minority Securityholder's presentation also referred to AHF's 2021 Skills Matrix rather than the current 2022 AHF Skills Matrix – **the matrix they referred to doesn't even reflect the current composition of the Board**, published on AHF's website. A more comprehensive understanding of the current Board and CEO is presented below. AHF also has a very capable and experienced Management team covering Sales and Marketing, Finance, Manufacturing, Quality Assurance and Compliance.

Skill/Experience	Martin Bryant	Bernard Kavanagh	Adrian Rowley	Jason Dong	Peter Skene
Infant formula	Yes	Yes	Yes	Yes	Extensive
Listed Director	Several	Several	Yes	Yes	Yes
Listed Chairman	Several	Several	No	No	No
Private Board Director	Several	Several	Several	Yes	Several
International Markets	Very Extensive	Extensive	No	Very Extensive	Extensive
Finance and capital markets	Extensive	Extensive	Very Extensive	Yes	Extensive
Strategy	Extensive	Extensive	Yes	Yes	Extensive
Dairy Industry	Yes	Very Extensive	Yes	Yes	Very Extensive
Marketing and sales	Yes	Yes	No	Yes	Extensive

Can you trust the Minority Securityholders to take control of AHF if they aren't even aware of the basic public information in relation to the Group?

Yours faithfully

Martin Bryant
Chairman
Australian Dairy Nutritionals Group

The Minority Securityholders' Key Strategy has ALREADY been executed:

NEW BOARD ACTIONS:

SHORT TERM

- As part of a Review process, the Board will Independently identify where the company losses are coming from and stop them.
- They will establish a path to a breakeven position within months of the Review being completed.
- Reduce company complexity and costs.
- Review and develop a Business Development Plan - people, finance, marketing, manufacturing, distribution and logistics.

SHORT - MEDIUM TERM

- Identify and execute capital requirements to fund, if needed:
 - The completion of the spray drying plant to at least a powder plant capability.
 - The domestic Marketing Plans to ensure key Brand awareness and acceptance.
 - The development of the worlds most premium baby formula range - A2 + Organic.
 - The working capital for the initial production of the baby formula range.
 - The employment of critical staff (Plant, Sales & Marketing) based on the companies ability to fund these roles.
 - Successfully launch a domestic A2 organic baby formula range of products.
- Intent on creating a profitable company within 12-24 months with positive cash flows.

MEDIUM - LONG TERM

- Prioritise funding to
 - Profitably expand into the Asian regions with the new A2 Organic baby formula range.
 - Look for acquisitions that are compatible with the strategic business direction to profitably grow the overall business.
 - Capital restructure.
 - Return a shareholder dividend.

KEY STRATEGY

With the significant "sell off" of AHF farms leaving the company short of A2 organic milk supply, AHF to source alternate supply of the critical ingredients to successfully launch A2 organic baby formula range

AHF farms
producing A2 organic
milk
+
Outsourced A2 organic
milk
=
Strong enough A2
organic milk supply to
facilitate launch plans

AHF spray drying plant
to manufacture all AHF
farm raw milk supply
whole milk
skimmed milk only

AHF to supply both
own produced milk
powder and
outsourced milk
powders to a
specialised
international infant
formula manufacturer
to successfully launch
A2 organic baby
formula range

The release of this announcement was authorised by the Board.

Ends

About Australian Dairy Nutritionals Group

Australian Dairy Nutritionals Group (AHF) is a vertically integrated Australian dairy group which owns high quality organic and organic A2 dairy farms, and a processing facility located in Southwestern Victoria, the 'Golden Triangle' of Australia's dairy industry. In addition to our

premium Future range of infant formulas the Group has also commenced production of Australia's first Organic A2 infant formula made with farm fresh Australian milk from our farms at our purpose-built infant formula factory. The Group is a trusted source of premium quality branded dairy products sold in Australia and overseas.

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.