



Australian Dairy Nutritionals Group

Growing Local, Going Global

Annual General Meeting of Shareholders

10 December 2020





Welcome & Chairman's Address

Agenda

Welcome & Chairman's Address

CEO's Presentation

Consideration of Items of Business per Notice of Meeting

- Item 1: 2020 Annual Report
- Resolution 1: Adoption of the Remuneration Report
- Resolution 2: Re-election of Paul Morrell
- Resolution 3: Re-election of Martin Bryant
- Resolution 4: Approval of Amendments to Constitution
- Resolution 5: Approval of 10% Placement Facility
- Resolution 6: Approval of Incentive Plan
- Resolution 7: Issue of Performance Rights to Peter Skene
- Resolution 8: Refresh of Proportional Takeover Provisions

Questions

Close



Online Voting Process

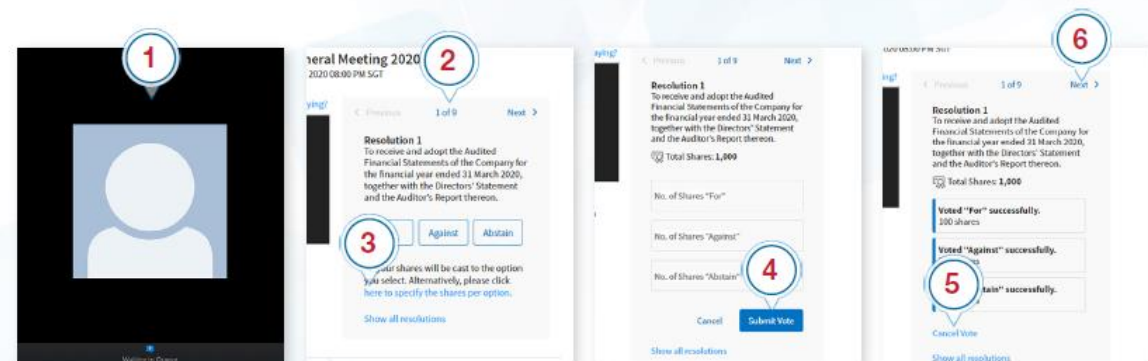
Voting today will be conducted by way of poll on all items of business and voting on all Resolutions is now open

- ✓ Members can cast their vote by clicking **For, Against or Abstain**
- ✓ Members can submit a vote on each individual Resolution or on all Resolutions at once
- ✓ Members can also allocate a specific number of securities to the vote options
- ✓ Voting will close 5 minutes after the final Resolution is put to a vote

Cast Your Vote

Members can submit a vote at a given time and can also view other resolutions of the AGM.

1. Minimize the webcast if it is on fullscreen by pressing Esc or double-clicking on the screen.
2. Members can cast their votes by clicking **For, Against, or Abstain**.
3. If you want to enter a specific number of shares allocated in your vote click **here to specify the shares per options** then fill in the number of shares
4. Click **Submit Vote**.
5. To modify your vote, click on **Cancel Vote** then vote again accordingly.
6. After voting on the resolution, click **Next** to view next resolution for voting.




Question Process

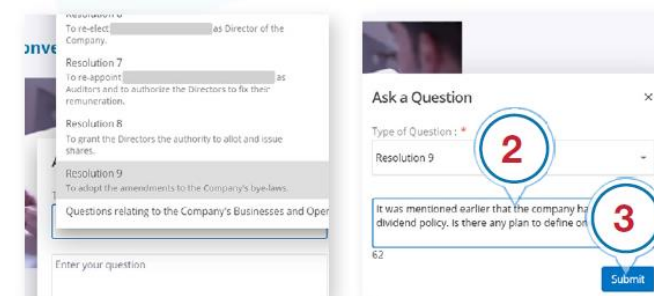
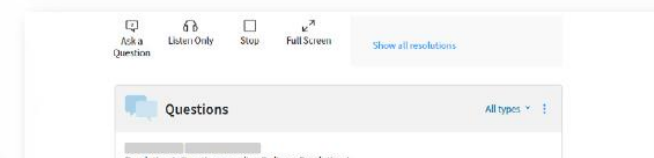
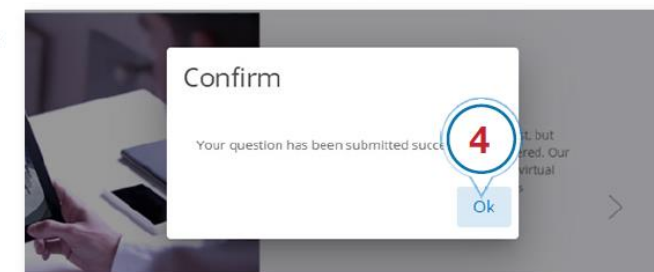
Securityholders are encouraged to ask questions throughout the meeting and the Company's auditor is also in attendance to answer questions

- ✓ Questions can be submitted at anytime during the meeting through the portal
- ✓ Questions in relation to a specific Resolution will be addressed when that Resolution is put to the meeting
- ✓ Questions in relation to the General Business will be answered after the main items of business have been finalised

Type Your Question

If you choose **Type Your Question**:

1. From the drop-down list, select the Resolution where your question is related to.
2. Type your question in the box provided*.
3. Click **Submit**.
4. A **Confirm** dialog box will appear then click **Ok**.
5. You can view your submissions in the **Questions** section. Click  and then select **View My Submissions**.



CEO Presentation



- FY20 was a challenging year
- Continued focus on strategy of becoming a manufacturer of differentiated infant formula products

Australian Dairy Nutritionals Group FY20



- ✓ SW Victoria enjoyed very good seasonal conditions and strong farmgate milk prices
- ✓ Converted one farm to A2 herd for A2 milk production
- ✓ Farm segment returned to profitability compared to a \$1.9m loss in FY19



- ✓ Significant planning and design process for new Infant Formula building completed after delay due to COVID-19 and changes to accommodate potential distribution partner
- ✓ Construction commenced in June 2020 and progressing well



- ✓ High farmgate milk prices increased manufacturing costs
- ✓ The Collective sales were lower than our expectations due to range changes following the October 2019 range review



- ✓ Establishment of relationships with Independent retailers through introduction of a range of The Collective products in this channel
- ✓ CDC approved as supplier to Coles



- ✓ Appointment of Martin Bryant as Chairman in December 2019
- ✓ Expansion of sales function in readiness for launch of infant formula ranges



- ✓ Establishing relationships within Cross Border E-Commerce (CBEC) channel and direct export

FY21: Building blocks in place for roll out of differentiated products to drive brand build and growth

Australian Dairy Nutritionals Group Highlights



Vertically integrated supply chain that can adapt quickly to domestic and global supply and demand changes



Secure supply of raw milk with AHF farms transitioning to Organic and A2 raw milk production



New production facility to produce nutritional powders and infant formula, expected completion in Q1FY22



Planned launch of two premium, differentiated infant formula brands in CY2021



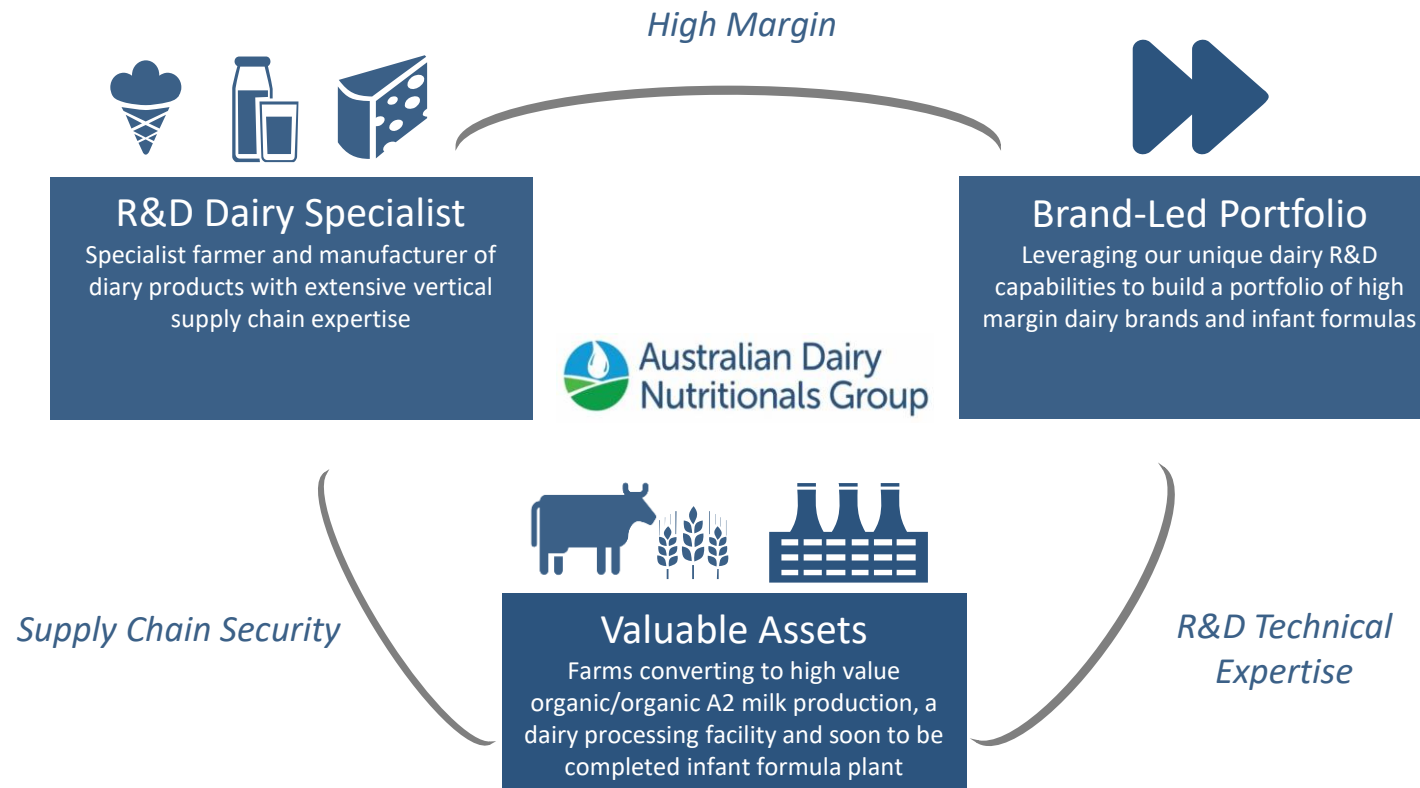
Relationships with leading domestic retailers through our existing dairy products which are distributed across more than 2000 stores nationally



Highly experienced board and management team with capabilities across the entire supply chain from paddock to tin

Leveraging Expertise Across Multiple Business Segments

AHF's value proposition is generated through its fully integrated business model combining ingredient and manufacturing expertise together with a growing portfolio of brand-led and consumer focused products



Progress and Delivering on Strategy

Three years ago, AHF outlined a 5-year strategy to become a fully vertically integrated producer, manufacturer and supplier of our own branded dairy products. We continue to progress and deliver on the strategy as highlighted below:

Objectives	Milestones
Transition from contract packer to brand owner	<ul style="list-style-type: none"> ✓ 90% of products distributed are owned or managed by AHF compared to 20% three years ago ✓ Expanded distribution reach from single State (VIC) to national exposure, AHF produced products are available in over 2,000 retailers nationally including Coles and Woolworths
Convert farm assets into Australia's largest single entity A2 organic dairy enterprise	<ul style="list-style-type: none"> ✓ Yaringa farm achieved organic certification in 2019 with Ecklin South organic A2 milk production to begin in March 2021 ✓ Remaining farms scheduled to achieve organic certification during CY21 ✓ Despite challenges and expenses of developing organic farms without the certification to sell milk at organic prices, the farms contributed a net profit of \$23k in FY20 compared with loss of \$1.9M in FY19
Move from highly competitive low value products to high value, high growth markets	<ul style="list-style-type: none"> ✓ Discontinued supply to customers in the low margin commodity products segment whilst focusing on our own brands ✓ Acquired the rights to manufacture, distribute and sell The Collective products to improve and realise efficiencies in the supply chain and give greater control over margins
Enter the formula and nutritionals market	<ul style="list-style-type: none"> ✓ Future Infant Formula range and Ecklin South Organic A2 Infant Formula range to be launched in CY21 ✓ Both ranges are differentiated, premium products ✓ Leverage existing AHF distribution network for the respective launches
Establish a fully vertically integrated infant formula brand and supply chain	<ul style="list-style-type: none"> ✓ Acquired introductory infant formula and nutritionals mixing plant in 2HCY19 ✓ Acquiring high speed blending and packing line for infant formula tins and powder bags in 2HCY20 ✓ Stage 1 Infant formula plant construction began in June 2020 with expected completion in 1HCY21

Adding Infant Formula Processing Capability

New Processing Capabilities: Focus on Higher Margin Products

- AHF expects to complete Stage 1 of its Infant Formula Project by June 2021 transforming its processing capability to:
 - fresh and nutritional processing (milk, yoghurt, milk powders and infant formula)
 - production capacity of 400,000 - 600,000 tins of infant formula per annum vs estimated sales of infant formula in Australian market of 40 million tins per annum¹
 - expanded milk receival and segregation capability
 - expanded raw material storage
- Located approx. 2km from our existing processing facility
- First commercial production of milk powders scheduled for Q1 FY22 with infant formula to commence shortly thereafter

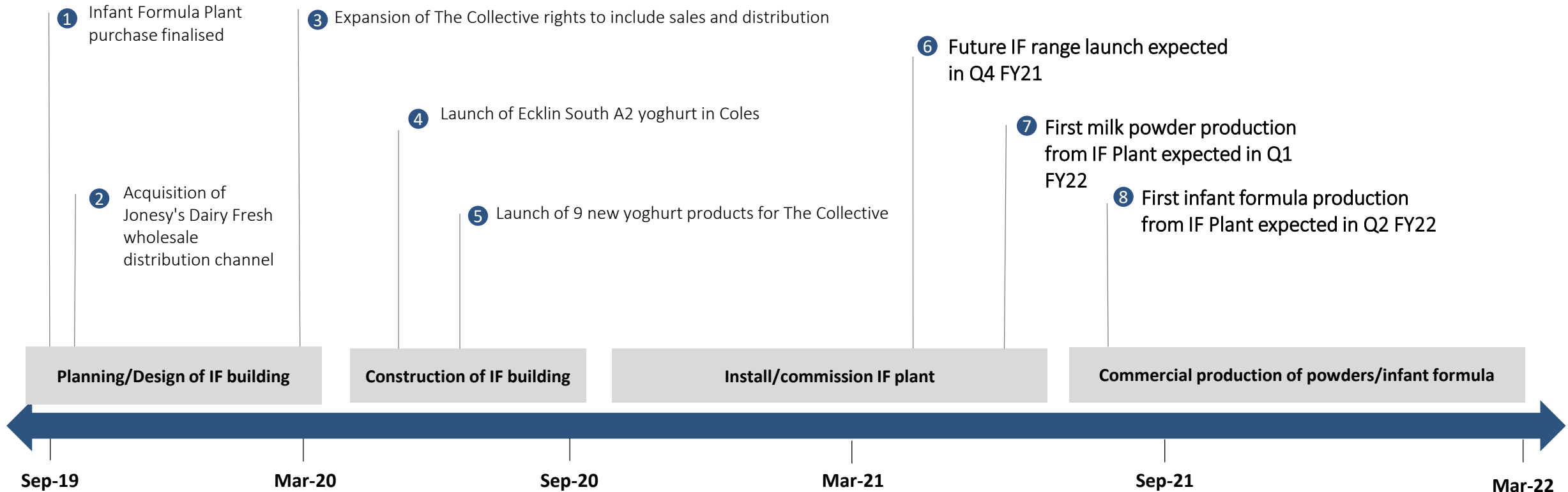


New infant formula building at AHF site located 30 minutes from dairy farms

¹ Estimated sales of tins of infant formula in Australian market in calendar year 2019

Transformation almost complete

First infant formula sales expected in the second half of CY2021. Indicative timeline of milestones and achievements:



First Roll-Out:

Future (Tummy Health) Formula Range Launch in Q4 FY21

AHF will be launching a scientifically developed formula which will position AHF to capture market share in a high-margin product category

Commentary

- ✓ **Unique product range innovation** to be disclosed closer to launch date
- ✓ **Capital-lite product** - produced by a third-party manufacturer enabling AHF to **increase scale**
- ✓ **Paediatric advocacy** to educate consumers on products' point of differentiation/value proposition
- ✓ Following domestic launch, **intend to target key export markets to realise further growth**
- ✓ **Premium, scientifically developed** product expected to achieve retail price points which deliver attractive margins

Product Innovation

- ✓ Matches infants digestive capability in the first 24 months of life
- ✓ Contains prebiotics and probiotics for infant gut development
- ✓ Arachidonic Acid (**ARA**) and Docosahexaenoic (**DHA**) promote brain development
- ✓ Gentle formulation
- ✓ Made with 100% Australian farm fresh milk



Image pixelated for competitive reasons

Followed by:

Ecklin South Organic A2 Infant Formula Launch in Q2 FY22

AHF recent transformation over the past three years has provided the platform for AHF to launch another unique infant formula product

Commentary

- ✓ **Very few producers globally** of organic A2 infant formula, therefore opportunity to **price at a premium**
- ✓ AHF plan to be one of the first producers of organic A2 infant formula using **100% Australian milk sourced from its farms**
 - Gentle on infant tummy
 - Contains prebiotics for infant gut development
 - DHA and ARA promote brain development
- ✓ AHF's new infant formula plant to have a **production capacity of infant formula base 400,000 - 600,000 tins per annum** (relatively small volume compared to the estimated annual sales volume of the Australian infant formula market of 40 million tins per annum¹)
- ✓ Proof of concept and domestic success to open up potential cross-border JV distribution partners



¹ Estimated sales of tins of infant formula in Australian market in calendar year 2019



Business of Meeting

Tabling of Financial Statements – FY20

The Financial Statements for financial year ended 30 June 2020 (FY20) are laid before the meeting



[www.adnl.com.au/investor-centre](https://adnl.com.au/investor-centre)



Welcome to the Australian Dairy Nutritionals Group
Investor Centre

Resolution 1 – Remuneration Report

“That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth), the Remuneration Report set out in the Directors’ Report for the financial year ending 30 June 2020 be adopted.”

Proxies for Resolution 1

For: 79,084,645

Open: 2,304,477

Against: 2,645,040

Abstain: 299,199

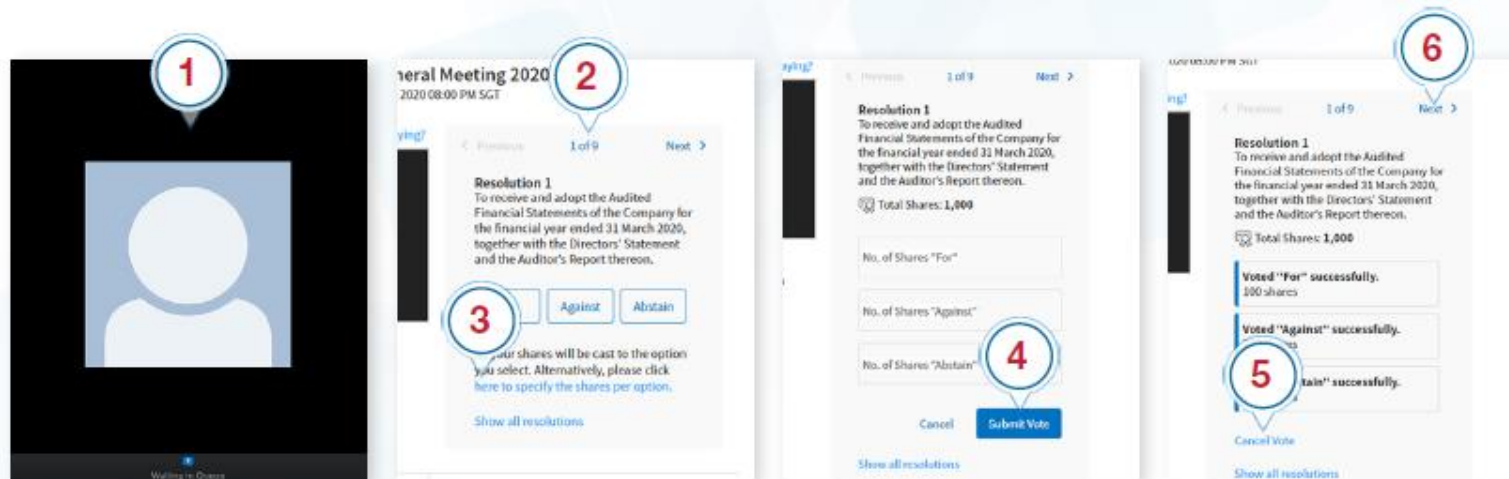


Business of Meeting

Please Vote Now

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Business of Meeting

Resolution 2 – Re-election of Director – Paul Morrell

“That Paul Morrell, who retires by rotation in accordance with clause 49(b)(ii) of the Company’s Constitution, and being eligible offers himself for re-election, to be re-elected as a Director.”

Proxies for Resolution 2

For: 61,083,514

Open: 2,098,852

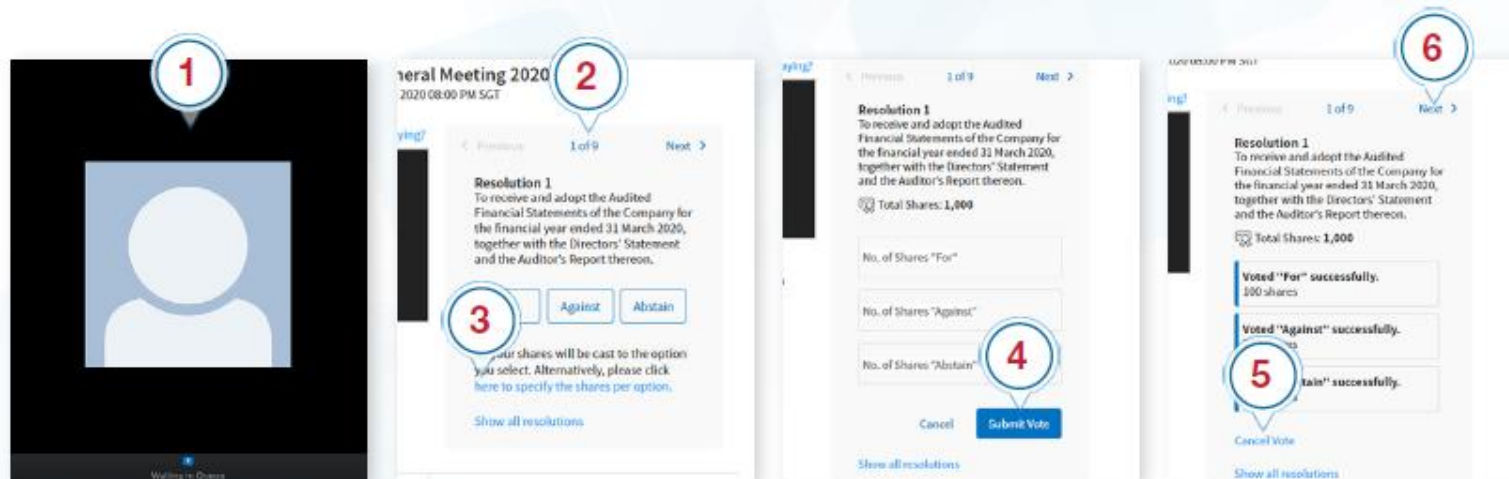
Against: 56,916,959

Abstain: 298,209

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Resolution 3 – Re-election of Director – Martin Bryant

“That Martin Bryant, who having been appointed by the Board on 23 November 2019, retires in accordance with clause 49(d) of the Company’s Constitution, and being eligible offers himself for re-election as a Director, be elected as a Director.”

Proxies for Resolution 3

For: 116,774,278

Open: 1,848,852

Against: 1,502,464

Abstain: 271,940

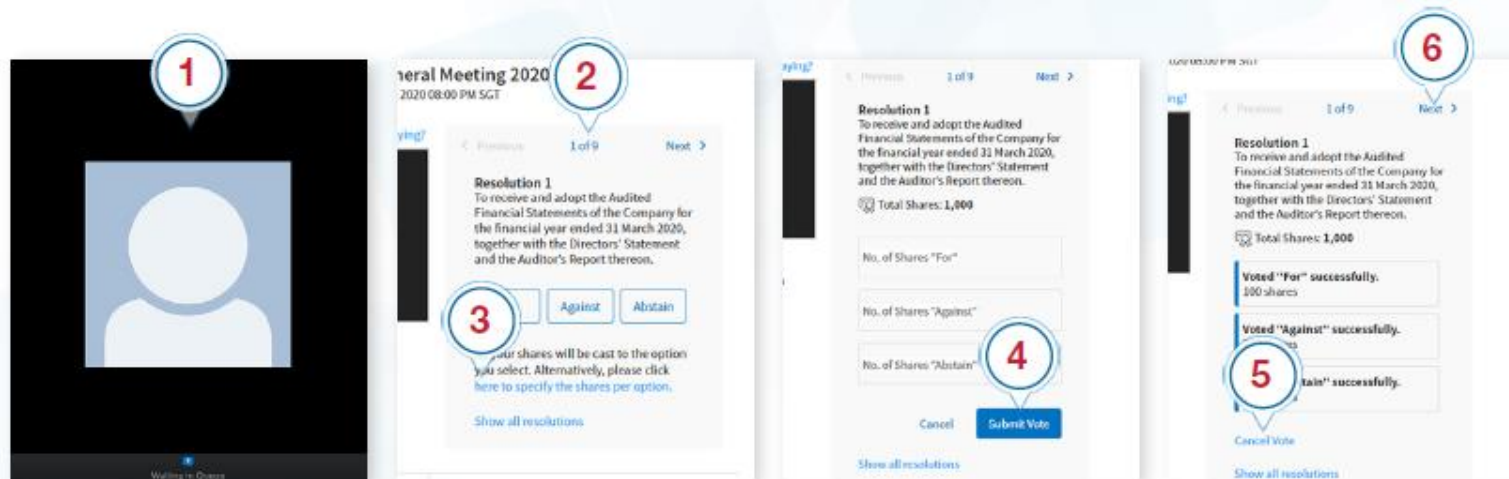


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Resolution 4 – Approval of Amendments to Constitution

“That the Constitution be amended as set out in the amended Constitution available on the Company’s website in mark-up at <https://adnl.com.au/corporatedocuments>. A summary of the amendment is provided in the Explanatory Memorandum.”

Proxies for Resolution 4

For: 117,493,606

Open: 1,968,852

Against: 614,984

Abstain: 320,092

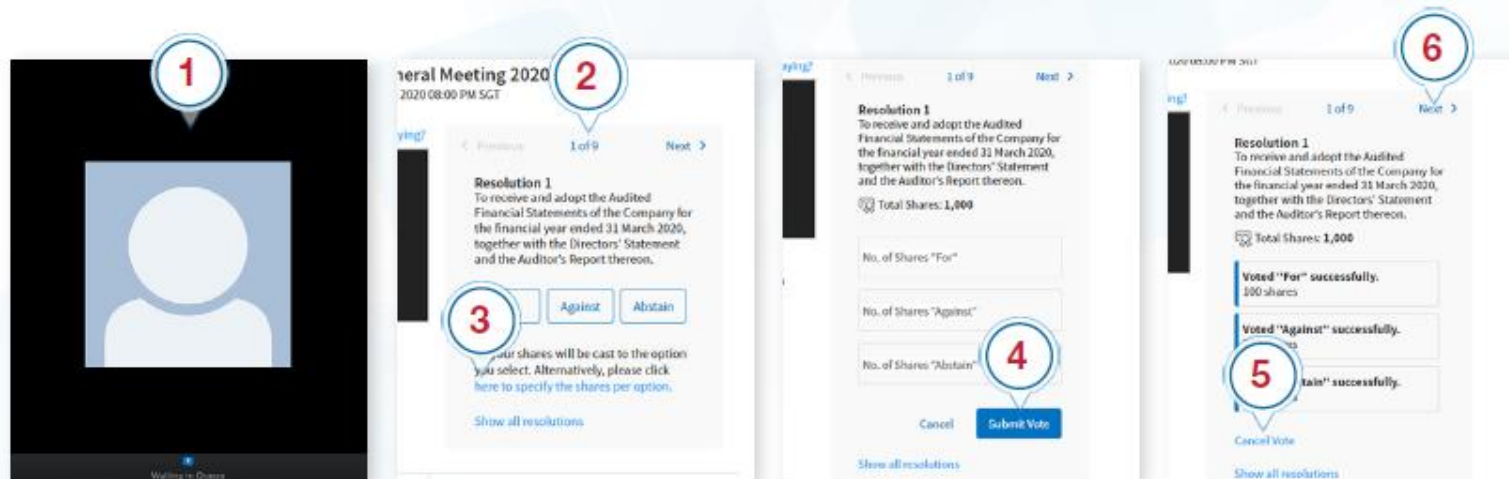


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Resolution 5 – Approval of 10% Placement Facility

“That, for the purposes of Listing Rule 7.1A, the issue of Equity Securities (as that term is defined in the Listing Rules), totalling up to 10% of the issued capital of the Group at the time of the issue, calculated in accordance with the formula prescribed in the Listing Rule be approved.”

Proxies for Resolution 5

For: 110,992,930

Open: 1,993,852

Against: 7,304,643

Abstain: 106,109

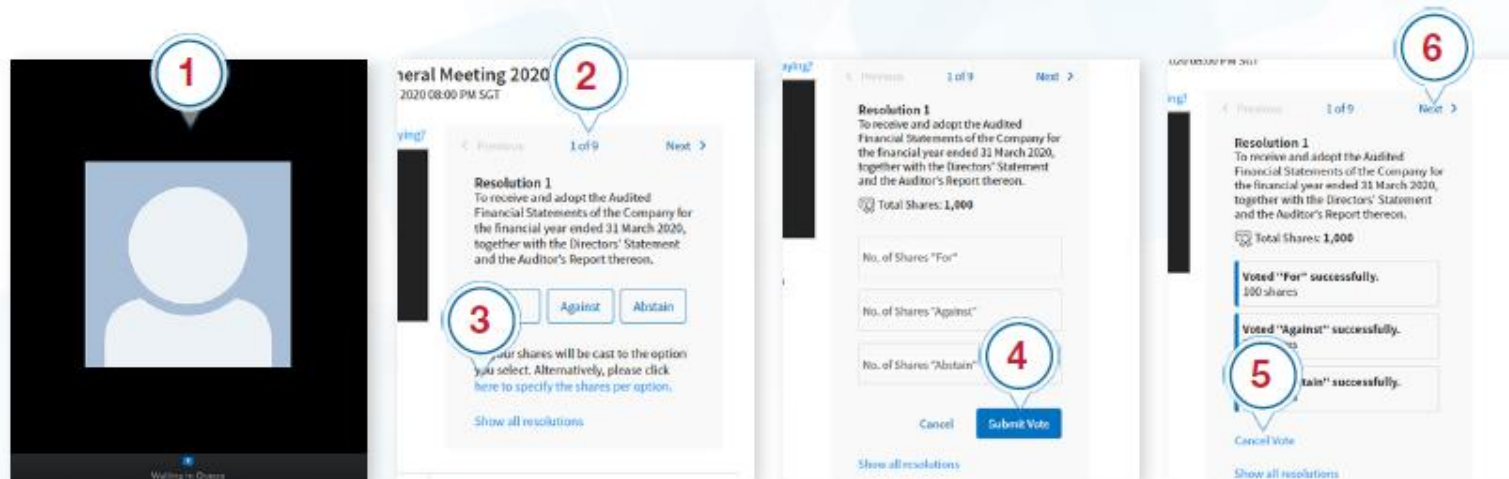


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Resolution 6 – Incentive Plan Approval

“That, for the purposes of Listing Rule 7.1 and in accordance with Listing Rule 7.2 (Exception 13), sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, the Incentive Plan as described in section 8 of the Explanatory Memorandum, and the grant of and issue of all securities under the Incentive Plan on the terms and conditions set out in the Explanatory Memorandum, be approved.”

Proxies for Resolution 6

For: 98,322,805

Open: 1,987,072

Against: 2,668,941

Abstain: 203,331

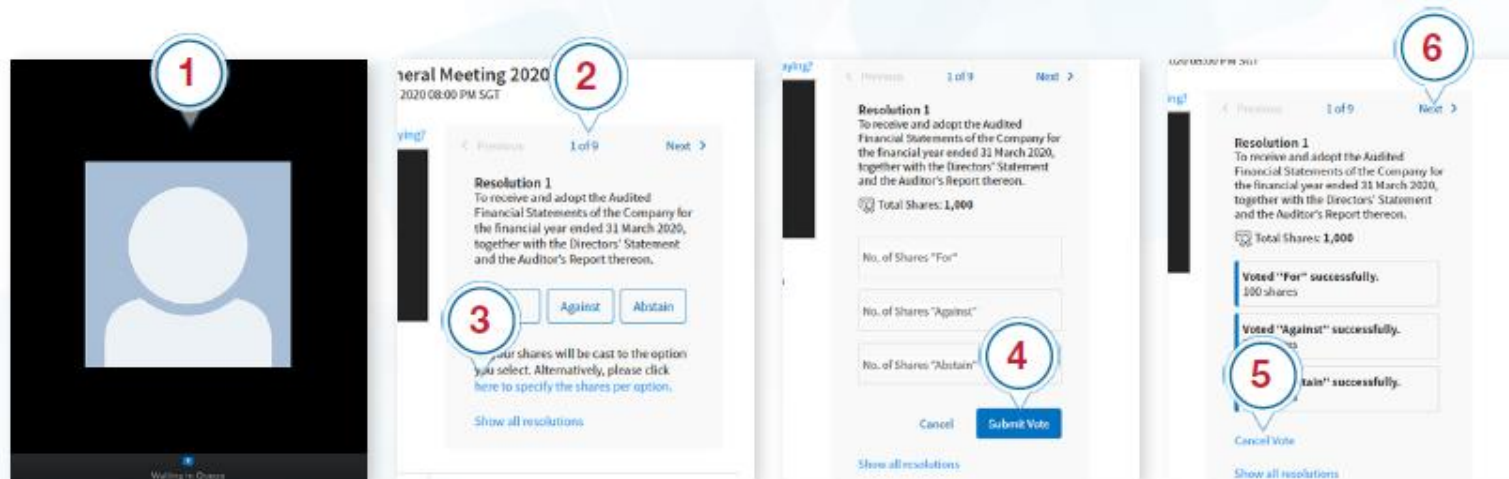


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Resolution 7 – Issue of Performance Rights to Peter Skene

“That Securityholders approve for the purposes of Listing Rule 10.14, the issue of 3,000,000 Performance Rights to Peter Skene or his nominee, subject to achievement of specific performance hurdles set by the Board, on the terms and conditions set out in the Explanatory Memorandum.”

Proxies for Resolution 7

For: 98,904,063

Open: 2,347,734

Against: 6,436,721

Abstain: 193,631

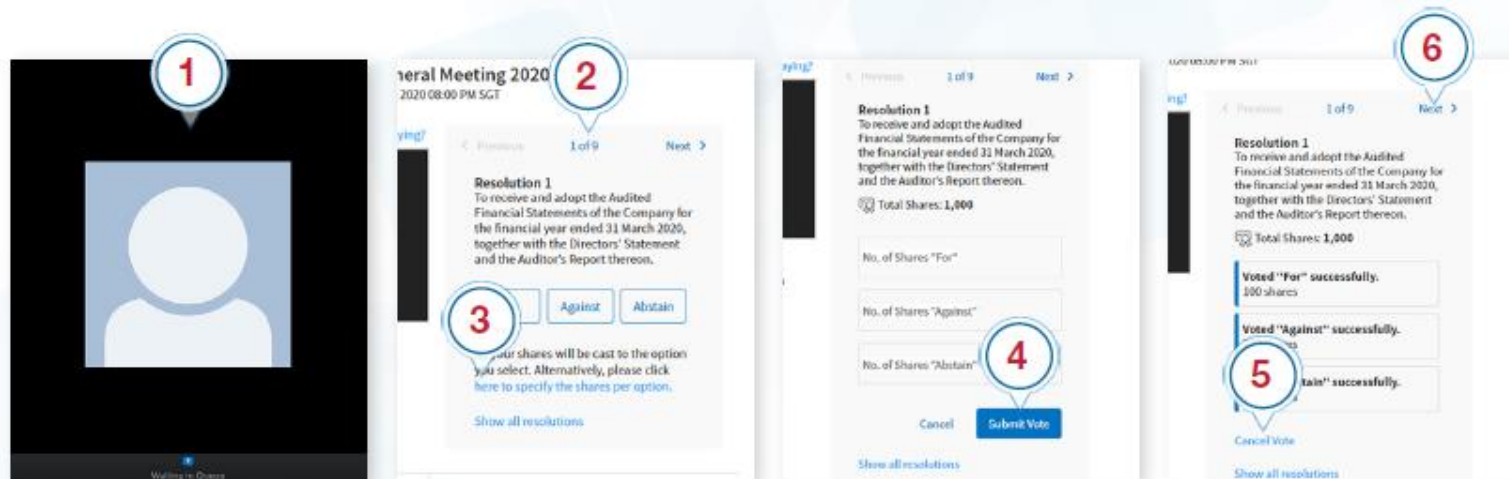


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Resolution 8 – Renewal of Proportional Takeover Provision

“That, for the purposes of section 648G(4) of the Corporations Act the renewal of Article 81 and Article 82 of the Company’s Constitution as described in the Explanatory Memorandum which accompanies and form part of the Notice of Meeting be approved.”

Proxies for Resolution 8

For: 117,313,728

Open: 2,009,897

Against: 932,050

Abstain: 141,5859

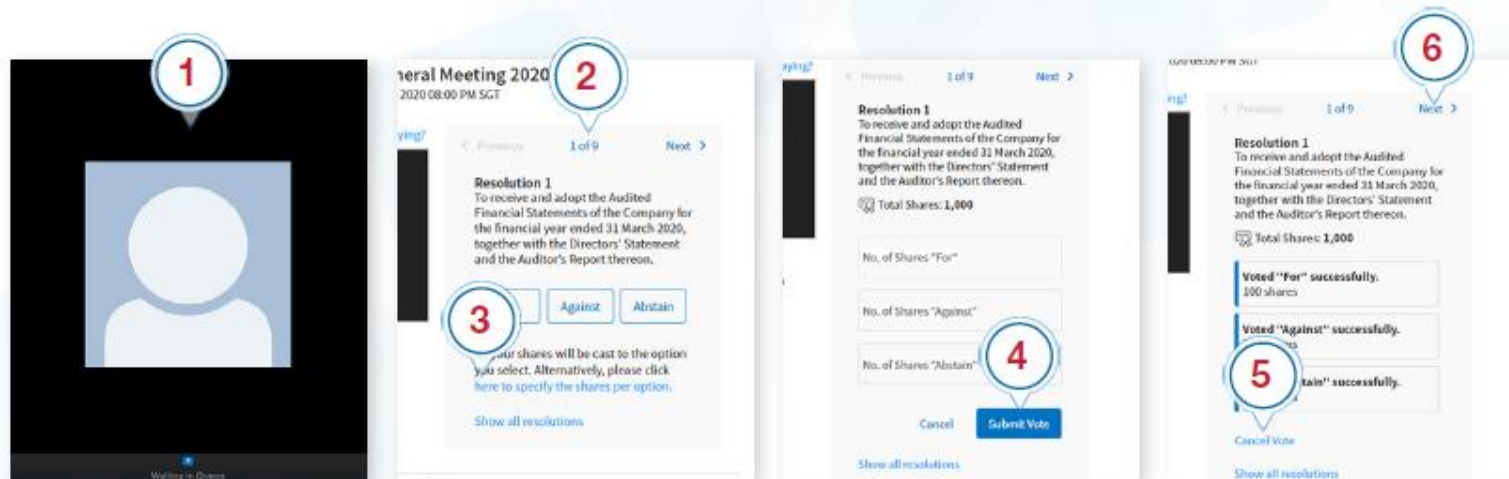


Business of Meeting

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Questions



A background image of a herd of brown cows in a grassy field. The cows are standing in a field of tall green grass. In the background, there are dark, silhouetted trees under a cloudy, overcast sky. The overall tone is somewhat dark and moody.

Thank you