

AHF signs Placement for \$4.5 million

- **AHF will issue 69,551,777 new securities at \$0.0647 per security**
- **A portion of the funds raised will be used to expand distribution opportunities and market the Group's products in Asia following successful launch of the future infant formula range in the cross-border e-commerce (CBEC) channel**

The Board of Australian Dairy Nutritionals Group (the **Group or AHF**) is pleased to announce that it has executed an agreement with IJ Funds Management Pty Ltd (**IJFM**) to raise \$4,500,000 through the issue of 69,551,777 new stapled securities at \$0.0647 per security (**Placement**). The issue price of \$0.0647 is in line with the current market price of AHF securities which closed trading yesterday at \$0.065 per security.

IJ Funds Management is a financial services and funds management firm which invests on behalf of high-net-worth investors and institutional investors. They have strong knowledge and experience in the Asia market as well as substantial networks in the region, particularly China.

Peter Skene, CEO of Australian Dairy Nutritionals Group said: *"We appreciate IJFM's confidence in the Group's future prospects particularly in light of the recent announcements that the Group's infant formula ranges will be sold nationally in Chemist Warehouse stores and, the appointment a Tier 1 distributor for the CBEC channel in China."*

Timeline and terms of the Placement

Under the terms of the Placement AHF can request payment of the subscription funds from IJFM at any time within the next 60 days (**Expiry Date**). If AHF doesn't request the funds by the Expiry Date, then it will be deemed to have made a request for the subscription funds on the Expiry Date.

Within 5 business days after receipt of the Group's funding request (or deemed funding request) IJFM will be required to pay the subscription funds to the Group and AHF will issue the subscription securities to IJFM. At this stage the Group expects to issue the funding request in mid-March 2022 but will update the market at the appropriate time.

The 69,551,777 subscription securities will be issued under the Group's Listing Rule 7.1 capacity. As the Group has existing capacity under this facility securityholder approval is not required. Upon issue of the subscription securities IJFM will hold approximately 12% of the Group's issued capital (on a fully diluted basis). There are no conditions precedent to the payment of the subscription funds by IJFM. The Subscription Agreement includes warranties from both parties that are customary in these types of transactions.

Use of Funds

The proceeds of the Placement will be used to fund:

- expansion of the Group's distribution network in Asia as well as marketing and promotional activities in this region;

- support the Group's investment in inventory to support ranging of both the future and organic A2 infant formula ranges in Chemist Warehouse; and
- general working capital and transaction costs.

Consultancy Services in Asia

In conjunction with the Placement, the Group has also engaged IJFM to provide consultancy services to the Group in relation to the expansion of the Group's business in Asia as well as marketing and networking activities in the region. IJFM will provide the consultancy services for a period of 6 months post completion of the Placement and a fee of \$75,000 per month.

At the conclusion of the consultancy services the Board expects that IJFM will have assisted the Group with introduction to and establishment of additional distribution arrangements in Asia, advised on logistics and fulfillment and worked with AHF's marketing team to advise on and implement multi-channel marketing and promotional campaigns for the Group's products in China. The agreement contains standard terms for these types of services including termination rights for non-performance.

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

Ends

Further Details

For additional company information or media enquiries, please contact:

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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.