

Market Update

Infant Formula Plant Building construction to commence immediately

Australian Dairy Nutritionals Group (**AHF** or the **Group**) is pleased to announce that it has entered into a construction agreement with Spence Building & Joinery (**Spence**) on 19 June 2020 for the construction of the building to house its infant formula plant announced to ASX on 4 April 2019 and 14 June 2019.

Site preparations are now complete and relevant work permits obtained so Spence is authorised to commence construction immediately. The building is expected to be completed in approximately 6 months (weather permitting), after which plant installation and commissioning works will commence. Under the terms of the Construction Agreement, the quoted construction cost is \$2.8 million, subject to the usual variations under such an agreement. Spence Building & Joinery is an experienced building contractor based in Colac, Victoria. AHF is pleased that the construction of the new facility will support local businesses and stimulate job opportunities in the region.

FY20 Financial Performance

The Board wishes to advise that it is in the process of assessing the full year financial performance of the Group and is not in a position to provide guidance at this stage as it is assessing the impact of several non-recurring items. In addition, as part of the annual audit process the Group will assess asset valuations in light of current carrying values including the farm portfolio, cattle and Camperdown Dairy Company.

FY21 Farmgate Milk Prices

The Group is currently in the final stages of negotiating its FY21 milk prices. The FY21 farmgate milk price is expected to be approximately 8% lower than last financial year at \$6.70/kg milk solids. The reduction in the milk price will provide a cost saving to the Group's processing operations which purchase raw milk for production of yoghurt and milk products. The lower raw milk price will result in a reduction in farm revenue, however this is expected to be offset by a reduction in grain prices due to better weather conditions in the major grain producing regions this year.

AHF wins 5 gold medals in the Dairy Industry Association Awards

AHF is pleased to advise that it has won 5 gold medals in the Victoria Dairy Industry Association awards. The gold medals are a testament to the expertise and strong focus on quality of the Group's farm and processing teams. The gold medal winning products are:

- Camperdown Dairy 2L Jersey Wholemilk
- Camperdown Dairy 2L Organic Low Fat Milk
- The Collective 900g Straight Up Yoghurt
- The Collective 700g Mango and Tumeric Kefir
- The Collective 700g Raspberry Kefir

The release of this announcement was authorised by the Company Secretary, Kate Palethorpe on behalf of 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.adfl.com.au.

About Australian Dairy Nutritionals Group

Australian Dairy Nutritionals Group (AHF) (previously named Australian Dairy Farms Group) is a vertically integrated Australian dairy group which owns high quality dairy farms and a processing facility (Camperdown Dairy Company) located in South Western Victoria, the 'Golden Triangle' of Australia's dairy industry. The Group is a trusted source of premium quality branded dairy products using milk sourced fresh 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. Forward looking statements may include indications of, and guidance on, future earnings or distributions and financial position and performance and involve known and unknown risks. Uncertainties and other factors, many of which are beyond the control of AHF, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and AHF assumes no obligation to update such information.