



Commentary on Appendix 4C

The Board of Australian Dairy Nutritionals Group (**AHF** or the **Group**) provides the following commentary on the Appendix 4C released to ASX on 31 October 2019:

- The Group achieved a positive EBITDA in September 2019.
- Capital expenditure for the quarter is in line with budget and included:
 - purchase of the infant formula plant completed on 27 August 2019; and
 - payments for the new pouch machine for the 6-year contract with The Collective announced on 8 April 2019.
- Investing activities also included receipt of the second tranche of the capital raise approved by securityholders at the general meeting on 13 August 2019.
- The Q1 operating cash flow has been impacted by delayed payments from customers anticipated to be received in Q2 (timing of receipts).
- Farm milk revenue in July was affected by a later than anticipated seasonal start of the full milking herd. This was recovered in August and September with farm milk revenue now within 1% of budget.
- A recently released range of new yoghurt products for The Collective has increased inventory holdings due to investment in new packaging and raw materials prior to their launch in September 2019.
- The Collective have released a new range of 150g spoonable kefir yoghurt tubs with national distribution (pictured below).



- The Collective's complete range now includes:
 - a 900g Natural (Straight Up) and Natural Kefir tub;
 - 4 x 700mL Pourable Kefir drinks,
 - 4 x 150g Spoonable Kefir tubs;
 - 3 x 100g Kefir pouches (Probots); and
 - 3 x 70g Organic pouches.



Image: 900g Kefir Natural tub and 900g Straight Up Natural tub (Source: www.thecollectiveinaus.com.au)



Image: 4 x 700mL Kefir pourable range (Source: www.thecollectiveinaus.com.au)



Image: 3 x 70g Organic pouch range (Source: www.thecollectiveinaus.com.au)



Image: 3 x 100g Kefir Probot pouch range (Source: www.thecollectiveinaus.com.au)



Ends.

Further Details

For additional company information or media enquiries, please contact:

Australian Dairy Nutritionals Limited

Phone: +61 7 3020 3060

Email: shareholders@adfl.com.au

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.