

2023 Annual General Meeting

Chairman's Address

Despite the collective efforts of the Australian Dairy Nutritionals' team in completing its 5-year vertical integration strategy the 2023 financial year has been one of mixed fortunes. After a lengthy and costly period of developing organic A2 herds and farms plus the construction and commission of the new manufacturing facility at Depot Road, the Group is now fully vertically integrated.

The new manufacturing facility also obtained export certification in February 2023 meaning products manufactured at the site are eligible for export to international markets.

Whilst our infant formula products have been ranged nationally in Chemist Warehouse we have been disappointed with the level of sales achieved to date, particularly the Future brand. There have been a number of significant challenges, both here and overseas which

have contributed to this which Peter will provide further detail in his presentation.

Faced with deteriorating operating performance, challenging economic conditions and a radically altered infant formula landscape, the Board recognised the need to adapt our strategy to respond to changes in the external environment and ensure the long-term prospects of the Group.

This prompted a complete review and re-set of the Group's strategy which was published with the release of the 2023 annual report.

The revised strategy recognises that it is going to take longer than anticipated to reach a break-even financial result relying solely on revenue from sale of the Ocean Road Dairies infant formula range. Therefore, a different approach needs to be taken to get the Group to the point where it is generating sufficient cash to cover its operating costs.

The revised strategy is made up of 4 strategic pillars:

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1. **Stabilise:** Stabilise the Cash Position to provide meaningful cash resources to execute on the revised strategy;
 2. **Grow Sales:** Continue to Grow Sales of the Ocean Road Dairies range both domestically and internationally;
 3. **Increase Utilisation:** Increase utilisation of the Depot Road manufacturing facility by pursuing contract manufacturing opportunities and complementary product extensions; and
 4. **Consolidation:** Proactively investigate synergistic consolidation opportunities.

We are taking a proactive approach in seeking synergistic consolidation opportunities. We have identified and are currently evaluating potential arrangements. Whilst each will be different the key elements we are looking for include:

- access to new customers;
- access to new markets;

- increased utilisation of the Depot Road manufacturing facility; and
- operational cost savings and synergies.

The overall objective in investigating complementary arrangements is to work with parties where we can achieve more together than if we continue to advance on our own.

I'd like to thank shareholders for their ongoing support during a difficult year for the Group.

I will now hand over to our CEO, Peter Skene who will provide a brief update in relation to the Group.