Australian Dairy Nutritionals

APPENDIX 4E - PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2026

AUSTRALIAN DAIRY NUTRITIONALS GROUP (ASX CODE: AHF)

ACN: 057 046 607

RESULTS FOR ANNOUNCEMENT TO THE MARKET

References to the 'Group' throughout this report relate to Australian Dairy Nutritionals Limited and its controlled entities.

	Change	$'000 2026	$'000 2025
Revenue from ordinary activities	Flat	7,154	7,168
Loss from ordinary activities after tax attributable to members	Down 47%	(2,794)	(5,261)
Loss for the period attributable to members	Down 45%	(2,842)	(5,209)

	Cents	
	2026	2025
Net tangible asset backing per share	2.7	3.1

	Amount per Share (cents)	Franked Amount per Share (cents)	Tax Rate for Franking
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
Record date			Not applicable

The Group does not have any dividend re-investment plan in operation.

Loss or gain of control over other entities

On 1 June 2026, the joint venture between Australian Dairy Nutritionals Limited (AHF) and Wellnex Life Ltd (WNX) was terminated. WNX transferred 50 fully paid ordinary shares in Ocean Dairy Pty Ltd (Company) to AHF for $1 and AHF is now the 100% owner of the Company.

Associates

The Group does not have any associates.

Audit Status

This report has been subject to audit review. There is no dispute or qualification to report. The auditor's report contains an emphasis of matter paragraph regarding a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Additional Appendix 4E disclosure requirements can be found in the 2026 Australian Dairy Nutritionals Group Annual Report attached.

Australian Dairy Nutritionals

ANNUAL REPORT 2026

AUSTRALIAN DAIRY NUTRITIONALS GROUP

BOARD OF DIRECTORS

Peter Nathan
Executive Chairman

Jason Dong
Non-Executive Director

Scott Lai
Non-Executive Director

Daniel Espie
Non-Executive Director

COMPANY SECRETARY

Elizabeth Spooner
Company Secretary

REGISTERED OFFICE

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AUDITOR

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STOCK EXCHANGE

Australian Dairy Nutritionals Group is listed on the official List of the Australian Securities Exchange Limited (ASX).

The ASX Code is “AHF”.

WEBSITE

adnl.com.au

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Pleasingly, the business continues to make good progress, as it shapes and its trajectory continues to move consistently with our ambitions. The nutritional powders segment continues to grow significantly as a percentage of the total operation, as it now represents 70% of total revenue compared with 43% last year.

CHAIR AND CEO'S REPORT

Peter Nathan
Chair

Sundaranathan Mahinthan
CEO

$8.09m
FY26 REVENUE

$21.74m
NET ASSETS

$1.16m
CASH AT FY26 CLOSING

THE GROUP CONTINUES TO FOCUS ON EXECUTING THE STRATEGIC PLAN THAT WAS SHARED WITH INVESTORS IN THE FY24 ANNUAL REPORT AND UPDATED IN FURTHER ANNOUNCEMENTS AND REPORTS.

Pleasingly, the business continues to make good progress, as it shapes and its trajectory continues to move consistently with our ambitions. The nutritional powders segment continues to grow significantly as a percentage of the total operation, as it now represents 70% of total revenue compared with 43% last year. This demonstrates the transformation from a raw milk-based revenue stream to a predominantly processed (nutritional powders) revenue stream. This mix not only better utilises the Group's assets but also provides the best pathway to revenue and profit generation.

The Future™ brand that was initially launched in March 2025 continues to gain traction. Our distribution targets into the MBS channel via the M2C App have been achieved, as more than 1,000 distribution points have now been delivered. The Future brand now has distribution in 17 provinces in China.

Plant utilisation continued to improve with the full year impact of the Nutura & Sprout contract pack volumes; however, the 12-month Sprout contract concluded in May 2026. As was previously announced to investors, Vietnam export volume was significantly disrupted due to sudden regulatory and registration changes impacting packaging that also resulted in stock returns. Shipments are expected to return into Vietnam in the first quarter of FY27.

Total revenue and other income in FY26 was $8.09m, which is a 4% increase over FY25. However, the nutritional powders segment, which is our strategic focus, grew by 66%. The trajectory of the nutritional powders segment continues to trend positively as the key metrics of consumer off-take, distribution and consumer retention are all positive. Consumer off-take of the Future Brand has experienced a quarter-on-quarter average growth rate of 81% and the target of 1,000 distribution points (o2o) in the MBS channel has been achieved. Dairy farms total revenue and other income decreased by 36% due to the full-year impact of the exit from the North Brucknell farm leases in May 2025, which impacted both livestock and raw milk sales.

Strong progress continues to be made in improving the profitability of the business, as profitability improved from a net loss of $5.26m in FY25 to a net loss of $2.79m in FY26. This represents a 47% bottom line improvement compared with the prior year.

Corporate costs continue to be managed tightly as they grew in line with CPI at 2.5% compared with the prior year.

The net assets of the Group at 30 June 2026 total $21.74m, a $1.91m decrease from the FY25 comparative. The decrease in net assets was primarily driven by operating losses, offset by the equity capital raisings in February 2026 and May 2026.

Cash closed at $1.16m in FY26 compared with $2.69m in FY25, and the Group has a fully drawn loan facility of $1.5m with RELI Capital Ltd for a term of 12 months. The Board has and continues to assess capital raising opportunities and remains confident in its capacity to raise capital to appropriately fund the growth and operations of the business.

We remain positive about the future growth potential of our Group given the pleasing progress we have made in the last 12 months, and also the significant growth potential that our differentiated brand and channel strategy brings to the world's largest infant formula market.

Finally, we would like to express thanks to all our shareholders, staff, suppliers and customers for your continued support over the past 12 months.

Peter Nathan	**Sundaranathan Mahinthan**
Chair	CEO
27 August 2026	27 August 2026

The Group will continue to leverage its unique suite of assets in vertical integration, small run size manufacturing assets, and brand building capability as it executes its growth strategy.

DIRECTORS' REPORT

The Board of Directors of Australian Dairy Nutritionals Limited **(the Company)** submits to members the Annual Report of the Company and its controlled entities **(the Group)** for the financial year ended 30 June 2026.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the Group during the year were:

- manufacture of nutritional base powders at 160 Depot Road, Camperdown, Victoria;
- distribution of the Group's nutritional powders ranges through Organic Nutritionals Pty Ltd (Organic Nutritionals).
- ownership of a dairy farm via Regen Properties Pty Ltd (Regen Properties); and
- operation of a dairy farm and ownership of livestock through SW Dairy Farms Pty Ltd (SWD).

The growth of our nutritional powders segment has driven a material mix change in FY26, with the segment growing from 43% of total revenue in FY25 to 70% in FY26.

BUSINESS MODEL AND OBJECTIVES

The Group has continued to execute the strategic roadmap that was developed after the strategic review in FY24. Consequently, the Group is continuing to aggressively grow nutritional powders via focusing its resources on building the Future™ brand in China. Complementary processing volume has been supplemented by contract pack partners (Nutura and Sprout), along with sales in Vietnam and Australia. The Group will continue to leverage its unique suite of assets in vertical integration, small run size manufacturing, and brand building capability to optimise growth in nutritional powders.

Consistent with our strategy, China remains the market of greatest focus in the Group as it is by far the largest infant formula category in the world, with a retail sales value of approx. $25.5 billion AUD. As it is still a highly fragmented market from both a brand and channel perspective, it still provides a very attractive opportunity for meaningful scale of the Future™ brand. It's pleasing to note that after 4yrs of decline, China market total IMF value was up 0.7% in FY26 as premiumisation offset low single digit volume declines. It was also encouraging to see both the A2 Protein segment and English label segments continue to perform strongly in the China IMF category with FY26 value growth of 7%[1] and 5.7% [1], respectively.

The A2 Protein segment is now 22%[1] of the China IMF market value (up from 21% in FY25). English label share of total China IMF market further increased to 20%[1] (up from 19% in FY25). The China IMF market grew by 0.7%[1] as premiumisation continued to off-set modest volume declines. This growth occurred despite the reduction in China newborns of 17.2%[2] which was due to the cycling of higher newborns in the prior year which was driven by the year of the Dragon. It is expected that newborns in CY26 will be supported by a growth in marriage rates which increased by 11% in CY25[2]. Furthermore the China Central Government has announced in 2026 a strong policy focus on birth rate stabilisation.

The Group will continue to leverage its unique suite of assets in vertical integration, small run size manufacturing assets, and brand building capability as it executes its growth strategy.

Going Concern

The financial statements have been prepared using the going concern basis of preparation. During the year the Group incurred a loss of $2,794,312 (2025: $5,261,146 loss), has total accumulated losses of $61,667,066 and a net cash outflow from operations of $3,790,288 (2025: $3,276,254 outflow). The Group's cash and cash equivalent balance as at 30 June 2026 is $1,157,254, and it has a fully drawn loan facility of $1,500,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

The Board is satisfied the going concern basis of preparation remains appropriate, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of at least one year from the date of this report.

The Board has been closely monitoring working capital and cash flows throughout the year while nutritional powders sales build in international markets.

The Board is confident in the Group's ability to continue as a going concern for the 12-month period from the date of the financial statements based on its current cash and cash equivalents and forecasts for the next 12 months. In addition to the above, as a listed entity, the Group also has capital raising opportunities available to it from existing shareholders as well as sophisticated investors with strong alignment to the Group's strategy and future objectives.

The Board is satisfied at the date of signing the financial report there are reasonable grounds to believe that

1. Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key & A + BCD cities) for the 52 weeks ending June 2026.

2. China National Bureau of Statistics.

DIRECTORS' REPORT, CONTINUED.

the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial report does not include any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

OPERATING RESULTS

The pathway to profitability continued to trend positively in FY26, with the consolidated net loss after tax narrowing significantly to $2,794,312, compared with a loss of $5,261,146 in the prior year.

This result is comprised of the following segments:

- net loss from the nutritional powders segment of $1,300,854 (2025: $3,041,070).
- net profit from the dairy farm segment of $112,864 (2025: $652,346 loss).
- corporate costs of $1,606,322 (2025: $1,567,730).

Profitability is expected to continue to improve in FY27; however, it is not expected that the Group will achieve a positive net profit and cash flow until FY28.

Total revenue and other income for FY26 was $8,092,715, up 4% on the FY25 comparative period of $7,763,015. This reflected a very strong 66% increase in the nutritional powders segment, partially offset by a $1,694,571 reduction in dairy farm segment revenue, driven by lower raw milk and livestock sales following the exit from the North Brucknell farm leases in May 2025.

Below is a breakdown of total revenue and other income by segment:

- total revenue and other income from the nutritional powders segment of $5,096,401 (2025: $3,072,130).
- total revenue and other income from the dairy farm segment of $2,996,314 (2025: $4,690,885), a decrease of 36%.

The nutritional powders segment revenue and other income in FY26 increased by 66% compared to FY25, with the result reflecting increased distribution, consumer offtake and consumer retention of the Future™ brand in China.

The dairy farm segment result was significantly impacted by lower milk and livestock sales, which was due to the exit from the North Brucknell farm leases in May 2025.

The revenue decline was as expected, as the farm sale generated the cash to invest behind the volume and brand footprint build in nutritional powders, consistent with the strategic intent.

In keeping with our objectives, total expenses for FY26 were $10,887,027, down 16% against the FY25 comparative period of $13,024,162.

Below is a breakdown of total expenses by segment:

- total expenses from the nutritional powders segment of $6,397,255 (2025: $6,113,200).
- total expenses from the dairy farm segment of $2,883,450 (2025: $5,343,231).
- Total corporate expenses of $1,606,322 (2025: $1,567,730)

The nutritional powders segment expenses increase of 5% on the FY25 comparative is largely attributable to an increase in cost of goods sold as a result of increased sales in FY26, offset by the increased absorption of manufacturing-related costs as a direct result of increased manufactured volume, and a reduction in inventory impairments and bad debt provisions.

As per above in revenue, the dairy farm segment expenses decrease of 46% on the FY25 comparative is largely attributable to the reduced cost of operating one less farm following the exit from the North Brucknell farm leases in May 2025.

The increase in corporate expenses of 2% on the FY25 comparative is largely attributable to CPI increases and non-cash share-based payments in employment costs.

CHINA MARKETING ACTIVITIES

DIRECTORS' REPORT, CONTINUED.

FINANCIAL POSITION

The net assets of the Group at 30 June 2026 total $21,736,891, a $1,910,584 decrease from the FY25 comparative of $23,647,475. The decrease in net assets was primarily driven by operating losses, offset by the equity capital raisings in February 2026 and May 2026.

The key assets and liabilities in the statement of financial position at 30 June 2026 are:

- cash and cash equivalents of $1,157,254 (2025: $2,687,954);
- inventories of $2,732,640 (2025: $1,340,222);
- property, plant and equipment of $17,642,616 (2025: $18,162,452);
- biological assets of $1,470,569 (2025: $1,055,449); and
- total borrowings of $1,469,567 (2025: $nil).

REVIEW OF OPERATIONS

DAIRY FARM SEGMENT

Regen Properties Pty Ltd (land owner) and SW Dairy Farms Pty Ltd (farm operator)

Dairy farm segment performance

Dryer-than-normal seasonal conditions in Southwest Victoria continued in H1FY26, with conditions improving in Q3 FY26. The dairy farm segment net profit for FY26 was $112,864 (2025: $652,346 loss).

Included in the result are non-cash costs for gains from changes to fair value of livestock of $757,525 (2025: $594,556) and the deemed cost of livestock sold of $275,195 (2025: $1,336,050), which is down on FY25 as a result of the herd reduction following the exit from the Brucknell North farm leases in May 2025.

After removing the impact of fair value movements of livestock and deemed cost of sales in both financial years, the dairy farm operating segment's financial performance is down on FY25 with an operational net loss of $369,466 (2025: $89,148 profit). This is largely a result of additional livestock sales in FY25 as a result of the herd reduction and increased feed costs in FY26 from the dryer-than-normal conditions.

Livestock values

Livestock values continued to increase in FY26, with the overall result a gain from changes in fair value of livestock of $757,525 (2025: $594,556).

Farm values

Registered valuers Preston Rowe Paterson completed an independent valuation of the farm for 31 December 2025. The basis of the valuation was 'As Is and In Use' with vacant possession. The fair value of the farm was $8,200,000 and a fair value loss on land and buildings of $356,904 is reflected in other comprehensive income.

The Board has reviewed the carrying amount at 30 June 2026 and is satisfied it is not impaired. The carrying amount for the Yaringa farm of $8,217,326 represents the independent valuation from 31 December 2025 plus capitalised costs from the valuation date, less depreciation (refer Note 12(i)(a)).

FY26 Farmgate milk price

Demand for organic farmgate milk has remained steady in FY26. SWD is contracted until 1 July 2027 for all the excess organic milk produced by its farm at the same price as FY26.

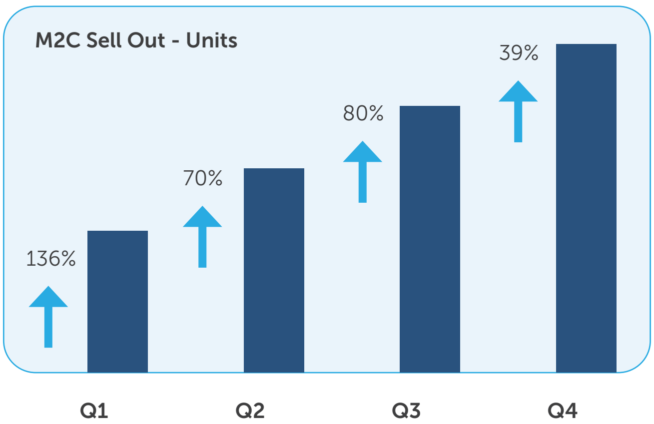
NUTRITIONAL POWDERS SEGMENT

Nutritional powders segment performance

The nutritional powders segment net loss for FY26 was $1,300,854 (2025: $3,041,070).

Total revenue from the nutritional powders segment of $5,096,401 (2025: $3,072,130) is a 66% increase against FY25, with the result reflecting increased distribution and consumer retention of the Future™ brand in China, whilst maintaining expenses materially in line with FY25.

The business continues to focus on building consumer engagement of the Future™ brand in the o2o channel in China via the M2C global shopping app. The consumer offtake of the Future™ brand is trending very positively with the average quarter on quarter growth rate increase of 81%. Consumer retention rates are very pleasing as repeat consumer purchases continue to trend positively and are at record levels for the latest month.



It is planned that further distribution and province penetration expansion will continue throughout FY27, as our distribution partner Mutree brings on additional sales headcount, and the new sales incentive plan is expanded. Distribution has now exceeded our target of 1,000 active stores by the end of FY26.

Future™ brand awareness continues to increase, as the Group has participated in major exhibitions, such as the biggest baby and mum exhibition in Shanghai, Children Baby Maternity Expo (CBME) in July 2026, and the Vietbaby expo in Vietnam during March 2026. Both events are also successful in engaging with new distributors and MBS store owners.

As previously reported, sales into Vietnam were suspended from September 2025 due to a change in the Vietnam Government's registration process. Consistent with expectations, Vietnam sales are now expected to resume in Q1 FY27 in line with the updated registration process. Separately, the 1-year contract packing arrangement with Sprout concluded in May 2026.

The Group continues to engage with parties interested in contract packing of nutritional powders at our Camperdown facility, and will advise investors, consistent with our continuous disclosure obligations, if any agreements are secured.

Land and Buildings - Independent Valuation

Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and nutritional powders building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at $5,100,000. At 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the fair value at $4,900,000.

The Board has reviewed the carrying amount at 30 June 2026 and is satisfied it is not impaired. The carrying amount for the nutritional powders facility of $4,739,000 represents the independent valuation from June 2024 plus capitalised costs from the valuation date, less depreciation (refer Note 12(i)(b)).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Strategic Placement

In February and May 2026, the Group raised a combined $1,235,064 at a price of $0.028 per share as part of a non-renounceable entitlement offer to fund capital equipment and other capital expenditure costs, as well as general working capital and working capital for growth plans.

DIRECTORS' REPORT, CONTINUED.

Loan Facility

On 20 May 2026, the Group established a $1,500,000 secured loan facility with RELI Capital Ltd (formerly known as Gippsreal Limited). The facility is secured against the Group's Yaringa dairy farm as well as a first-ranking general security over the assets of the borrower in connection with the property. The loan is for a period of 12 months from the first drawdown on 29 May 2026, and interest is calculated on a variable interest rate of 9.74% per annum, prepaid in advance.

In the opinion of the directors, there are no other significant changes in the state of affairs of the Group that occurred during the year that are not disclosed elsewhere in this report or in the accompanying financial statements.

EVENTS AFTER THE REPORTING PERIOD

In the opinion of the directors, there are no material matters that have arisen since 30 June 2026 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

ENVIRONMENTAL ISSUES

The Group is regulated by environmental obligations contained in the Environment Protection Act 1970 (Cth) and is subject to water licensing restrictions under the Water Act 1989 (Vic). The Group is also subject to a Trade Waste Agreement with Wannon Water which regulates effluent disposal from the Depot Road manufacturing facility.

The Group considers itself to be in compliance with its environmental obligations.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

In FY27 and beyond, the Group will focus on the following core areas:

- sale and distribution of its nutritional powders ranges and complementary products;
- increasing the efficiency of its manufacturing operations;
- refining its farming operations; and
- effective management of non-operational costs.

BUSINESS RISK

The Group consists of complementary businesses in dairy farming and manufacture and distribution of nutritional powders products. The Group is exposed to a range of strategic, financial, operational, environmental and related risks that are inherent when operating in agricultural and fast-moving consumer goods markets. The Group has an enterprise risk management framework which, together with corporate governance, provides a framework for managing the material uncertainties impacting the Group.

Below is a summary of some of the key risks impacting the Group but is not intended to be an exhaustive list:

Milk Prices

Milk prices are set by the Australian and global markets depending on the product type, seasonal demand and tariffs. In recent years, competitive forces within Australia have influenced fresh milk pricing, whereas the export market for milk product is determined by international supply and demand and global seasonal conditions. Changes in domestic and global milk pricing will affect the revenue earned by the Group.

DIRECTORS' REPORT, CONTINUED.

Operating Risks

The operation of processing factories, farms and other agricultural and manufacturing activities involves risks to employees, contractors, livestock and plant and equipment. This may include through accident, malfunction, acts of God, infectious disease, and other events which are not foreseeable, unable to be insured against or which the Group and management have little or no control or knowledge. Some events may cause considerable or even catastrophic damage to the Group and its assets. There can be no assurance that the Group can avoid or insure against such events.

Environmental Risks

Agricultural businesses are exposed to various environmental risks such as fire, flood, drought, unseasonal rain, wind, storms and similar events of nature which can have adverse or positive impacts on the operation of the business and financial performance.

This could include increased operational costs, disruption to operations or impact on the health and well-being of livestock. These risks are part of the operation of agricultural businesses, and there may be limited avenues to mitigate such risks.

Development Projects

The Group may undertake new projects to build new facilities and expand existing facilities, which may include installation of an additional dryer or installation of the high-speed canning line. There are risks associated with development projects, including trial and testing delays, cost overruns or the development may not perform to its designed capacity initially or at all. This may result in delays in anticipated revenues flowing from the developments, all of which could have an adverse effect on the Group's revenues and costs.

Access to Specialised Raw Materials

The Group manufactures nutritional and organic products, and sources raw materials from a variety of domestic and international suppliers. Some of these raw materials have limited supply, long lead times and require forward commitments to secure supply. If the Group does not manage its inventory requirements of these raw materials it may experience delays in production of its products and product outages. This may in turn cause issues with the Group's customers if customer supply arrangements are impacted.

Customer / Supplier Contract Security

The supply of the Group's products in Australia is from time to time governed by supply agreements which include reviews. Such reviews could reduce the number of the Group's products sold by this channel, impacting the Group's revenues in the future.

Food Safety / Quality

While the Group maintains and follows good industry quality and assurance practices, there remains a risk of product contamination in supply, production and storage of the Group's products. A product contamination or threat of contamination may cause reputational damage to the Group and its brands from the perspective of suppliers, customers, the public and regulators. This may also result in significant product recall costs, compensation payments and penalties, all of which have an adverse effect on the Group's revenue, profitability and reputation.

Funding and Access to Capital

To support large increases in demand for the Group's products and increase inventory or, to expand the Group's nutritional powders plant capacity or install the high-speed blending and canning line, further capital may need to be raised. There is no guarantee that those funds will be able to be raised, or if they are raised, raised at a cost which is acceptable to the Group. Further, any equity capital raising may dilute existing shareholders in the Group.

Marketing Investment and Competitive Landscape

The infant formula and infant nutrition segment is highly competitive, and many large, long-established businesses participate in the segment. These brands have very large marketing budgets to promote their products, making it difficult for new brands to gain exposure in the market. There is no guarantee that the level of marketing investment available to the Group will be sufficient to increase brand or product awareness in the market or that consumers will develop the required level of trust in the Group's brands/products to consider trying or switching to them. Furthermore, there is no guarantee that other participants in the segment won't introduce similar products to the Group's products, potentially eroding the Group's competitive advantage.

DIRECTORS' REPORT, CONTINUED.

Inventory Management

Predicting market and consumer demand for new products is difficult. Furthermore, manufacturing facilities often require minimum production volumes to manufacture products or components of a product. There is a risk of large inventory write-offs and/or brand damage if inventory of finished products (particularly products with shelf-life restrictions) or components of products materially exceed demand.

Infectious Diseases and Export Risks

An outbreak of COVID-19 or another infectious disease at the Group's production plant could cause the temporary shutdown of that plant and standing down of staff, with a consequential effect on production and revenues. Furthermore, the discovery of infectious diseases affecting livestock in Australia may require isolation or even destruction of livestock or restrictions on movement of livestock both domestically and internationally. This would have significant impact on the Group's farming operations and its raw milk production volumes.

The Group is also exposed to the global dairy market and the availability of export opportunities of milk from Victoria. If country borders are closed, or imports or exports limited, then there is a risk that there will be excess local supply, attracting a lower price, and reducing the prices which the Group is able to obtain for its products.

Global Climate Conditions Risk

Changes in global and regional weather and climate conditions are not easily or reliably predicted and can have a positive or negative effect on farm and manufacturing production, which in turn affects revenues and costs. Domestic and international legislation, regulation and similar programs introduced to mitigate such climate change may have positive or adverse effects on Group financial performance and asset values over time.

Regulatory / Compliance Risk

Changes in relevant taxes, legal and administration regimes, accounting practice and government licensing and operations policies may adversely affect the financial performance of the Group. The sale of nutritional powders products is highly regulated both domestically and in international markets. Failure to comply with these regulations may damage the reputation of the Group and its brands and impact the financial performance of the Group, including access to international markets. In addition, to perform its activities, the Group must comply with the environmental legislation of Federal, State and Local governments, which may include changes to the conditions of or further obligations under its environmental and water use licences and other regulated entitlements.

Consumption Trends

Vegan or plant-based products are becoming more mainstream and as a result there is potential for future movement away from traditional dairy milk-based products, which could adversely impact the Group's revenues in the future.

DIRECTORS' REPORT, CONTINUED.

INFORMATION ON DIRECTORS

The following persons held office as directors of the Company during or since the end of the year. The names and details of the directors are:

Name	Position
Peter Nathan	Executive Chairman (appointed 3 June 2024)
Jason Dong	Non-Executive Director (appointed 15 April 2021)
Scott Lai	Non-Executive Director (appointed 7 August 2023)
Andy Zhang	Non-Executive Director (appointed 2 October 2024, resigned 6 July 2026)
Daniel Espie	Non-Executive Director (appointed 6 July 2026)

Peter Nathan	Executive Chairman
Qualifications	Bachelor of Business (Marketing), University of South Australia
Directorships held in other listed entities in the past 3 years	Comvita Limited (NZX) – Non-executive director from 20 July 2026 to present.
Interest in Group securities & options	A relevant interest in 15,073,518 shares at 27 August 2026. A relevant interest in 3,000,000 options at 27 August 2026.

Mr Peter Nathan is an experienced corporate executive with strong financial acumen and pioneer in the infant formula business. Peter is the former CEO of Asia Pacific for the a2 Milk Company (ASX:A2M) and was instrumental in a2's success, leading its most profitable business segment and delivering exceptional shareholder value and growing revenue from $7m to $1.3bn over his 14-year tenure. Peter has also held Senior Sales & Marketing Management roles for Colgate Palmolive & Gillette.

Jason Dong	Non-Executive Director
Qualifications	Master of Commerce (University of Melbourne) Bachelor of Economics (Shanxi University of Finance and Economics, China)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 500,000 shares at 27 August 2026.

Jason Dong was appointed to the Board on 15 April 2021. Jason is a highly skilled executive with extensive experience working with Australian and Chinese enterprises to promote trade and industry relationships. His previous roles include Industry Adviser and Research Fellow for the Centre of International Agricultural Research of the Chinese Academy of Agricultural Sciences, a member of the Industry Advisory Board for the Centre for Asian Business and Economics at the University of Melbourne and former board member of Alinta Energy.

Jason currently sits on the board of City Cable Australia, advises Sungrow and Lei Shing Hong and contributes his time to our communities, chairing a charitable entity and the Industry Advisory Committee of SPREE, UNSW.

DIRECTORS’ REPORT, CONTINUED.

Scott Lai	Non-Executive Director
Qualifications	Bachelor of Commerce - Banking, Finance and Risk Management (Griffith University) Master of Commerce - Professional Accounting (Griffith University)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 49,064,135 shares at 27 August 2026.

Scott Lai was appointed to the Board on 7 August 2023. Scott brings strong financial market knowledge and an extensive network of more than 1,000 corporate and high net worth investors to the Group. He also has a strong track record of establishing and growing innovative businesses in highly regulated sectors including financial services and energy markets with demonstrated skills managing teams of more than 100 employees. In 2017, Mr Lai founded IJ Financial Services Pty Ltd and has grown this business to be a preeminent leader in the fund investment and mortgage loan industry in Queensland with a specific focus on the Chinese market. Mr Lai is also a director of IJ Funds Management Pty Ltd, which has been a major shareholder in the Group since 2022.

Andy Zhang	Non-Executive Director
Qualifications	Master of Commerce - Professional Accounting (Deakin University)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	A relevant interest in 707,506 shares at 27 August 2026.

Andy Zhang was appointed to the Board on 2 October 2024. Andy brings a wealth of experience and knowledge in the infant formula category in both China and Australia, with over 10 years’ experience as a major distributor. Andy has a unique position in the infant formula industry in Australia, as he established and built his own cross-border business for key ANZ brands from scratch to revenue of circa AUD 400M empire over a 10-year timeframe. His distribution platform leverages his deep and unique knowledge of e-commerce platforms & the O2O and Daigou channels.

Daniel Espie	Non-Executive Director
Qualifications	Bachelor of Technology (Massey University, NZ) Post Graduate Diploma in Business and Administration (Massey University, NZ)
Directorships held in other listed entities in the past 3 years	No other current or former directorships in listed entities.
Interest in Group securities & options	No relevant interest in shares at 27 August 2026.

Daniel is an experienced operational leader with a career spanning more than 28 years across the food and dairy (including infant formula), logistics and supply chain sectors in both domestic Australian and international markets. Daniel has held senior operational & management roles for Fonterra & Newcold Advanced Logistics and IXOM, where he has demonstrated capability in cross-functional leadership and operational excellence, and has direct experience working on major strategic and capital programs.

DIRECTORS' REPORT, CONTINUED.

COMPANY SECRETARY

Ms Elizabeth Spooner serves as company secretary of the Company. She was appointed as the Company Secretary on 22 February 2024.

Elizabeth Spooner is a Senior Company Secretary and Corporate Lawyer at Confidant Partners, a corporate secretarial provider. Ms Spooner holds a Juris Doctor degree from the Australian National University, a Bachelor of Business Administration with Bachelor of Arts and a Graduate Diploma of Applied Corporate Governance from the Governance Institute. Elizabeth Spooner is an experienced governance and compliance professional who works closely with a number of boards of both listed and unlisted public companies. Elizabeth has no relevant interest in shares at 27 August 2026.

MEETINGS OF DIRECTORS

The Board generally meets on a monthly basis either in person or by telephone conference. Directors meet bi-annually with the Group's auditor to discuss relevant issues arising in relation to the half year review and annual audit. On matters of corporate governance, the Board retains a direct interest rather than through a separate committee structure which at this stage is appropriate for a Board of this size and structure. At each Board meeting written reports in relation to operating strategies and activities are provided as well as risk and compliance matters with a particular focus on occupational health and safety, food safety and quality and key strategic and emerging risks.

Aside from formally constituted directors' meetings, the directors and chairman are in regular contact regarding the operation of the Group and particular issues of importance.

The number of directors' meetings and number of meetings attended by each of the Company directors during the financial year are set out in the table below:

Directors	Meetings eligible to attend	Meetings attended
Peter Nathan	14	14
Jason Dong	14	14
Scott Lai	14	12
Andy Zhang	14	13

DIVIDENDS PAID OR RECOMMENDED

The directors have not recommended or paid a dividend for the year ended 30 June 2026 (2025: $nil) at the date of this report.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the Company paid an insurance premium in respect of an insurance policy insuring the directors, the company secretary and all executive officers of the Group against a liability incurred as a consequence of holding that office in the Group to the extent permitted by the Corporations Act 2001. The amount of the premium was $37,697 (2025: $41,365) for all directors and officers for the year.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings against or on behalf of the Group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. No proceeding has had or is likely to have a material impact on the financial position of the Group.

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and is satisfied that the services disclosed below did not

DIRECTORS' REPORT, CONTINUED.

compromise the external auditor's independence for the following reasons:

i) all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and,

ii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards Board.

During the year ended 30 June 2026 there was no payment to external auditors for non-audit services (2025: $nil).

OPTIONS / PERFORMANCE SECURITIES

At the date of this report, there are 21,240,000 (2025: 10,620,000) unissued ordinary shares of Australian Dairy Nutritionals Limited under option or right.

A summary of movements in options and other performance securities is set out in Note 25.

For details of options and performance securities issued to directors and executives as remuneration, refer to the Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2026 has been received and a copy can be found at page 25.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Australian Dairy Nutritionals Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific incentives based on achievement of key operational and strategic objectives affecting the Group's performance.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- the remuneration policy is developed and approved by the Board. The Group does not have a remuneration committee due to the current size and nature of the Group's activities. Professional advice is sought by the Board from independent external consultants when required;
- All KMP receive a base salary (which is based on factors such as role and experience, market comparison with equivalent roles, performance and length of service) plus superannuation;
- Performance incentives are based on the achievement of strategic and operational objectives by the KMP, which are agreed in advance, typically shortly after the Group's budget and strategy for the relevant financial year is approved;
- Performance incentives are only paid if the Board determines the KMP has met the predetermined key performance indicators (KPIs);
- Incentives paid in the form of equity are intended to align the interests of the KMP with the Group and the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors. Performance of KMP is reviewed on an ongoing basis with a formal review conducted annually. This includes review of the relevant KMP's performance against agreed objectives and award of incentives (if applicable). The remuneration policy is designed to attract a high calibre of executives and reward them for performance leading to long-term growth in shareholder value.

KMP receive, at a minimum, a superannuation guarantee contribution in line with legislation. Some individuals, however, may choose from time to time to sacrifice part of their salary to increase payments towards superannuation.

There are currently no defined benefit superannuation entitlements to KMP, and upon retirement KMP are paid employee benefit entitlements accrued to the date of retirement. Any options or rights not exercised before or on the date of termination will lapse (unless otherwise agreed by the Board).

All remuneration paid to KMP is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for their time, commitment, and responsibilities. The Chairman determines payments to the directors and reviews their remuneration annually, based on performance, market practice, duties, and accountability. Independent external advice is sought

DIRECTORS' REPORT, CONTINUED.

when required. The maximum aggregate amount of remuneration that can be paid to directors is subject to approval by shareholders at the annual general meeting.

Directors and executives are entitled to participate in the Company's Long Term Incentive Plan (LTIP) to align their interests with shareholders' interests.

KMP or closely related parties of KMP are prohibited from entering hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits directors and KMP from using Australian Dairy Nutritionals Limited shares as collateral in any financial transaction, including margin loan arrangements.

Engagement Of Remuneration Consultants

During the financial year, no consultants were engaged by the Board to review the elements of KMP remuneration and provide recommendations. As the size and nature of the Group's activities increase, this may become necessary.

Performance-Based Remuneration

Performance incentives are set annually, in consultation with KMP and based on the Group's strategic and operational objectives, both short-term and long-term. For executives, a portion of the measures typically focus on the overall performance of the Group (measured by specific performance metrics) and a portion are tailored to the operational area each individual is accountable for. The KPIs target areas the Board believes hold greatest potential for Group expansion and profit, covering financial and non-financial as well as short- and long-term goals.

Performance in relation to the KPIs is assessed annually, based on an assessment of the KMP's performance against the agreed KPIs. In determining whether a KPI has been achieved, the Group bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports may be obtained from other organisations.

Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and the Board determines whether the relative attached KPI is approved.

Relationship Between Remuneration Policy And Group Performance

As noted above, the remuneration policy provides for a fixed and variable component of remuneration for KMP's of the Group. The fixed component of a KMP's remuneration is a contractual obligation and cannot be amended without the agreement of the relevant KMP or termination of the KMP. The remuneration policy provides for a variable component of the KMP's remuneration which is at-risk and only granted to the KMP if pre-agreed performance conditions are achieved. The variable component of the KMP's remuneration is designed to reward the KMP only for performance which contributes to the performance of the Group, thereby aligning the experience of the KMP with the experience of the shareholder. The issue of performance-based incentives to KMP pursuant to the Group's Long Term Incentive Plan is to align KMP and shareholder interests. The Group believes this policy to be effective in driving KMP's and other Group personnel to increase shareholder wealth in future years.

Performance Conditions Linked To Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various reward schemes, specifically the incorporation of incentive payments based on the achievement of predetermined performance criteria on revenue, financial results and production, quality and operational KPI's and continued employment with the Group. This provides KMP with performance targets which focus on the key financial results whilst ensuring the appropriate production, quality and operational standards are also met.

The satisfaction of the performance conditions is based on a review of the audited financial statements and performance specific to production, quality and operational KPI's. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

The performance-related proportions of remuneration based on these targets are included in the following tables. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

DIRECTORS' REPORT, CONTINUED.

Employment Details Of Members Of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated Group. The table also illustrates the proportion of remuneration that was performance- and non-performance-based.

			Proportions of Elements of Remuneration Related to Performance (Other than Options/Rights Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives	Securities	Fixed Salary
Name	Position Held	Contract Details	%	%	%
Peter Nathan (commenced 3 June 2024)	Chair	(i)	-	12	88
Jason Dong (commenced 15 April 2021)	Director	(i)	-	-	100
Scott Lai (commenced 7 August 2023)	Director	(i)	-	-	100
Andy Zhang (commenced 2 October 2024)	Director	(i)	-	-	100
Sundaranathan Mahinthan	Group CEO	3 months' notice	-	13	87

In the current year, no KMP received any performance-based remuneration.

(i) Directors do not have fixed term contracts. Under certain conditions their tenure may be terminated without notice and does not compel directors to provide notice prior to terminating their employment with the company.

Changes In Directors And KMP Subsequent To Year-End

On 6 July 2026 the Company announced the appointment of Daniel Espie to the Board as an Independent Director and the resignation of Andy Zhang as a Executive Director and appointment as General Manager – China.

DIRECTORS' REPORT, CONTINUED.

Remuneration Expense Details For The Year Ended 30 June 2026

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long-term Benefit	Termination Benefits	Equity-settled Share-based Payments	Total
	Salary / Director's Fees	Annual Leave	Super Contributions	LSL	Termination Benefits	Performance Rights	
	$	$	$	$	$	$	$
Current KMP:							
Peter Nathan - 2026	100,125	-	12,015	-	-	14,725	126,865
Peter Nathan - 2025	100,125	-	11,514	-	-	11,200	122,839
Scott Lai - 2026	65,000	-	7,800	-	-	-	72,800
Scott Lai - 2025	65,000	-	7,475	-	-	-	72,475
J Dong - 2026	60,000	-	7,200	-	-	-	67,200
J Dong - 2025	60,000	-	6,900	-	-	-	66,900
Sundaranathan Mahinthan - 2026	331,545	28,955	30,000	-	-	59,832	450,332
Sundaranathan Mahinthan - 2025	331,154	10,943	29,869	-	-	49,033	420,999
Andy Zhang - 2026	60,000	-	7,200	-	-	-	67,200
Andy Zhang - 2025	44,839	-	5,156	-	-	-	49,995
Total - 2026	**616,670**	**28,955**	**64,215**	**-**	**-**	**74,557**	**784,397**
Total - 2025	**601,118**	**10,943**	**60,914**	**-**	**-**	**60,233**	**733,208**

DIRECTORS' REPORT, CONTINUED.

Options And Rights Granted As Share-Based Payments

During the year ended 30 June 2026 are as follows:

		Grant Details				
	Balance at 01/07/2025	Grant Date	Reason for Grants	No.	Value ($)	Balance at 30/06/2026
Peter Nathan - options	1,500,000	30/10/2025	(i)	1,500,000	37,009	3,000,000
Sundaranathan Mahinthan - options	8,120,000	30/10/2025	(ii)	8,120,000	200,340	16,240,000
Sundaranathan Mahinthan - performance rights	1,000,000	30/10/2025	(iii)	1,000,000	35,917	2,000,000
	10,620,000			**10,620,000**	**273,266**	**21,240,000**

		Vested	Unvested
	Balance at 30/06/2026	No.	No.
Peter Nathan - options	3,000,000	500,000	2,500,000
Sundaranathan Mahinthan - options	16,240,000	2,706,667	13,533,333
Sundaranathan Mahinthan - performance rights	2,000,000	1,000,000	1,000,000
	21,240,000	**4,206,667**	**17,033,333**

The fair value of options and performance rights granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

(i) The options have been granted subject to the completion of three years continued service and vest evenly at the anniversary of the issue date. Should the service criteria not be met for a particular year, the portion of the options available for that year shall be considered forfeited.

(ii) The options have been granted subject to the individual meeting predetermined performance criteria for the financial year of issue and completion of three years continued service. Should the performance criteria be achieved in the year of issue, the year 1 options will vest and the year 2 and year 3 options will vest on the anniversary of the issue date if the option holder remains employed. Should the performance criteria not be met in year 1, all options shall be considered forfeited.

(iii) The performance rights have been granted subject to the completion of one years' service and subject to the individual meeting predetermined performance criteria. The performance rights vest at the anniversary of the issue date. Should the performance criteria not be met, the portion of the options available for that year shall be considered forfeited.

Description of Options And Rights Granted As Remuneration

Details of the options granted as remuneration to those KMP listed in the previous tables are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price	Value at Grant Date	Amount Paid / Payable by Recipient
Options granted:						
30-Oct-25	Australian Dairy Nutritionals Limited	1:1 Ordinary Shares	7-Nov-30 (expiry)	$0.04	$0.025	$0.04
30-Oct-25	Australian Dairy Nutritionals Limited	1:1 Ordinary Shares	7-Nov-30 (expiry)	$0.04	$0.025	$0.04
Performance rights granted:						
30-Oct-25	Australian Dairy Nutritionals Limited	1:1 Ordinary Shares	7-Nov-30 (expiry)	nil	$0.036	nil

Option values at grant date were determined using the Black-Scholes model.

Details relating to service and performance criteria required for vesting have been provided in the Options and Rights Granted as Remuneration table above.

DIRECTORS' REPORT, CONTINUED.

Key Management Personnel (KMP) Shareholdings

The number of ordinary shares held directly, indirectly, or beneficially by each KMP (or their related parties) of the Group during the financial year is as follows:

30 June 2026	Balance at 01/07/2025	Purchased on Market	Balance at 30/06/2026
Current KMP:			
Peter Nathan	10,342,203	4,731,315	15,073,518
Jason Dong	500,000	-	500,000
Scott Lai	49,064,135	-	49,064,135
Sundaranathan Mahinthan	1,500,000	500,000	2,000,000
Andy Zhang	707,506	-	707,506
	62,113,844	**5,231,315**	**67,345,159**

Other Equity-Related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Other Transactions With KMP And/Or Their Related Parties

The Group utilises a storage facility owned by former director Andy Zhang. During the year, there was no consideration (2025: nil) paid by the Group to Andy Zhang for usage of the facility.

There have been no other transactions with KMP or their related parties during the year (2025: $nil).

Second Strike - 2025 AGM

At the Company's Annual General Meeting (AGM) held on 30 October 2025, more than 25% of the votes cast by shareholders were against the adoption of the Remuneration Report in the annual report for the financial year ended 30 June 2025 (the 2025 Remuneration Report). As this was the second consecutive year in which 25% or more of the votes cast were against adoption of the Company's Remuneration Report, the Company received a 'second strike' for the purposes of section 250U of the Corporations Act 2001 (Cth) (Corporations Act).

As a consequence of the second strike, a conditional spill resolution was put to the 2025 AGM in accordance with section 250V of the Corporations Act. That resolution was not passed, with 87.33% of the votes cast against it. Accordingly, no spill meeting was required to be convened within 90 days of the 2025 AGM.

The Board was disappointed by the outcome of the October 2025 AGM and acknowledges the level of the vote against the 2025 Remuneration Report. Following the 2025 AGM, the Board engaged directly with the Company's largest shareholders to understand the concerns underlying the vote. It became apparent that some of our largest shareholders did not cast their vote due to technical voting issues as opposed to concerns with the remuneration structure, so the Board has decided to maintain the current structure.

The Board continues to keep the Company's remuneration framework under review to ensure it remains appropriate to the size and stage of development of the Company, and effective in attracting and retaining high-quality key management personnel (KMP) to manage the Company, while aligning the interests of directors, executives and shareholders with the performance of the Company.

This concludes the remuneration report, which has been audited.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Peter Nathan
Chair

27 August 2026

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall Corporate Governance of the Group.

The Board monitors the operational and financial position and performance of the Group and oversees the business strategy, including approving the strategic goals of the Group and considering and approving its business plan and the associated farm, processing and corporate budgets.

The Board is committed to maximising performance and growth and generating appropriate levels of shareholder value and returns. In conducting the Group's business, the Board strives to ensure the Group is properly managed to protect and enhance shareholder interests and that the Group operates in an open and transparent corporate governance environment. In accordance with this, the Board has developed and adopted a framework of Corporate Governance systems, processes, policies and risk management practices and internal controls that it believes are appropriate for the Group.

The ASX Listing Rules require the Group to report on the extent to which it has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (ASX Principles and Recommendations) throughout the financial year ended 30 June 2026. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the Reporting Period, was approved by the Board as part of the Annual Report and can be found on the Investor Centre page at https://adnl. com.au/investorcentre

The Corporate Governance Statement, which was lodged with this Annual Report, discloses the extent to which the Group will follow the recommendations, taking into account the relatively small size of the Group in determining the extent of practical implementation.

The principal governance-related policies and practices are as follows:

- Corporate Governance Statement
- Board Charter
- Securityholder Communication Policy
- Risk Management Policy
- Market Disclosure Policy
- Share Trading Policy
- Code of Conduct
- Board Skills Matrix

Details of the Group's key policies, charters for the Board and code of conduct are available on the Group's website under the Investor Centre at www.adnl.com.au.

AUDITOR'S INDEPENDENCE DECLARATION

MOORE

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Auditor's Independence Declaration

Under Section 307c of the Corporations Act 2001

To the directors of Australian Dairy Nutritionals Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2026, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

R Helgate
Robyn Speed
Partner – Audit and Assurance
Moore Australia Audit (QLD) Pty Ltd
Brisbane, Queensland
Date: 27 August 2026

Moore Australia
Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

FINANCIAL STATEMENTS **2026**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Continuing Operations			
Revenue	3(a)	7,153,973	7,168,459
Other income	3(b)	938,742	594,556
Administration and non-dairy related costs	3(c)(i)	(649,739)	(636,840)
Employment expenses	3(c)(ii)	(2,105,416)	(2,222,110)
Finance costs	3(c)(iii)	(56,442)	(117,474)
Dairy farm related costs	3(c)(iv)	(2,174,217)	(2,926,537)
Nutritional powders related costs	3(c)(v)	(5,077,662)	(4,921,780)
Depreciation and amortisation		(548,356)	(860,799)
Deemed cost of livestock sold	9	(275,195)	(1,336,050)
Impairment of intangibles	3(c)(vi)	-	(2,571)
Loss before income tax		**(2,794,312)**	**(5,261,146)**
Income tax expense	4	-	-
Loss for the period		**(2,794,312)**	**(5,261,146)**
Other comprehensive income			
Items that will be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss:			
Fair value movement on land and buildings	12(i)(a)	(356,904)	-
Other comprehensive income for the year		**(356,904)**	-
Total comprehensive loss for the year		**(3,151,216)**	**(5,261,146)**
Loss attributable to:			
Company shareholders		(2,841,606)	(5,209,050)
Non-controlling interest		47,294	(52,096)
		(2,794,312)	**(5,261,146)**
Total comprehensive loss attributable to:			
Company shareholders		(3,198,510)	(5,209,050)
Non-controlling interest		47,294	(52,096)
		(3,151,216)	**(5,261,146)**
Earnings per share from continuing and discontinued operations:			
Basic earning per share (cents)	28	(0.37)	(0.72)
Diluted earnings per share (cents)	28	(0.37)	(0.72)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	2026 $	2025 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,157,254	2,687,954
Trade and other receivables	6	1,440,551	1,260,510
Inventories	7	2,732,640	1,340,222
Biological assets	9	94,594	161,804
Other current assets	8	233,740	138,767
Total Current Assets		**5,658,779**	**5,589,257**
Non-Current Assets			
Biological assets	9	1,375,975	893,645
Right of use assets	10	158,100	60,280
Intangible assets	11	383,166	383,166
Property, plant & equipment	12	17,642,616	18,162,452
Total Non-Current Assets		**19,559,857**	**19,499,543**
Total Assets		**25,218,636**	**25,088,800**
Liabilities			
Current Liabilities			
Trade and other payables	13	1,524,680	1,102,959
Lease liabilities	10	54,550	48,452
Provisions	14	310,293	275,172
Borrowings	15	1,469,567	-
Total Current Liabilities		**3,359,090**	**1,426,583**
Non-Current Liabilities			
Lease liabilities	10	95,615	-
Provisions	14	27,040	14,742
Total Non-Current Liabilities		122,655	14,742
Total Liabilities		**3,481,745**	**1,441,325**
Net Assets		**21,736,891**	**23,647,475**
EQUITY			
Issued capital	16	80,021,305	78,855,230
Reserves	17	3,382,652	3,664,999
Accumulated losses		(61,667,066)	(58,672,314)
Equity attributable to shareholders		**21,736,891**	**23,847,915**
Non-controlling interests			
Accumulated losses		-	(200,440)
Equity attributed to non-controlling interests		-	**(200,440)**
Total Equity		**21,736,891**	**23,647,475**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Cash Flows from Operating Activities			
Receipts from customers		7,234,223	6,588,287
Payments to suppliers and employees		(10,876,143)	(10,107,937)
Interest received		14,938	54,412
Finance costs		(163,306)	188,984
Net operating cash flows	5(a)	**(3,790,288)**	**(3,276,254)**
Cash Flows from Investing Activities			
Payment for property, plant & equipment	12(b)(ii)	(476,425)	(188,140)
Proceeds from sale of property, plant & equipment		182,218	140,545
Net investing cash flows		**(294,207)**	**(47,595)**
Cash Flows from Financing Activities			
Net proceeds from issue of shares	16	1,166,075	2,121,819
Proceeds from borrowings - unsecured		326,535	311,633
Repayment of borrowings - unsecured		(326,535)	(346,537)
Proceeds from borrowings - secured		1,466,801	-
Repayment of borrowings - secured	15(ii)	-	(1,780,000)
Repayment of lease principal		(79,081)	(401,424)
Net financing cash flows		**2,553,795**	**(94,509)**
Net decrease in cash held		**(1,530,700)**	**(3,418,358)**
Cash at the beginning of the period		2,687,954	6,106,312
Cash at the end of the financial period	5	**1,157,254**	**2,687,954**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Issued Capital Ordinary	Asset Revaluation Reserve	Option Reserve	Non-controlling Interests	Accumulated Losses	Total
		$	$	$	$	$	$
Balance at 1 July 2025		**78,855,230**	**3,604,766**	**60,233**	**(200,440)**	**(58,672,314)**	**23,647,475**
Comprehensive income for the year							
Profit / (loss) attributable to company shareholders for the year			-	-	47,294	(2,841,606)	(2,794,312)
Other comprehensive income for the year		-	(356,904)	-	-	-	(356,904)
Total comprehensive profit / (loss) for the year		**-**	**(356,904)**	**-**	**47,294**	**(2,841,606)**	**(3,151,216)**
Transactions with equity holders in their capacity as equity holders and other transfers							
Share based payments	25(b)	-	-	74,557	-	-	74,557
Transfer from NCI on acquisition		-	-	-	153,146	(153,146)	-
Contribution of equity, net of transaction costs	16(a)	1,166,075	-	-	-	-	1,166,075
Total transactions with equity holders		**1,166,075**	**-**	**74,557**	**153,146**	**(153,146)**	**1,240,632**
Balance at 30 June 2026		**80,021,305**	**3,247,862**	**134,790**	**-**	**(61,667,066)**	**21,736,891**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

	Issued Capital Ordinary	Asset Revaluation Reserve	Option Reserve	Non-controlling Interests	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2024	**76,733,411**	**3,604,766**		**(148,344)**	**(53,463,264)**	**26,726,569**
Comprehensive income						
Loss attributable to company shareholders for the period	-	-	-	(52,096)	(5,209,050)	(5,261,146)
Total comprehensive loss for the period	-	-	-	**(52,096)**	**(5,209,050)**	**(5,261,146)**
Transactions with equity holders in their capacity as equity holders and other transfers:						
Share based payments	-	-	60,233	-	-	60,233
Contribution of equity, net of transaction costs	2,121,819	-	-	-	-	2,121,819
Total transactions with equity holders	**2,121,819**	**-**	**60,233**	**-**	**-**	**2,182,052**
Balance at 30 June 2025	**78,855,230**	**3,604,766**	**60,233**	**(200,440)**	**(58,672,314)**	**23,647,475**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue by the Board of Directors as at the date of signing the directors' declaration.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The financial statements have been prepared using the going concern basis of preparation. During the year the Group incurred a loss of $2,794,312 (2025: $5,261,146 loss), has total accumulated losses of $61,667,066 and a net cash outflow from operations of $3,790,288 million (2025: $3,276,254 outflow). The Group's cash and cash equivalent balance as at 30 June 2026 is $1,157,254, and it has a fully drawn loan facility of $1,500,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

The Board is satisfied the going concern basis of preparation remains appropriate, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of at least one year from the date of this report.

The Board has been closely monitoring working capital and cash flows throughout the year while nutritional powders sales build in international markets.

The Board is confident in the Group's ability to continue as a going concern for the 12-month period from the date of the financial statements based on its current cash and cash equivalents and forecasts for the next 12 months. In addition to the above, as a listed entity, the Group also has capital raising opportunities available to it from existing shareholders as well as sophisticated investors with strong alignment to the Group's strategy and future objectives.

The Board are satisfied at the date of signing the financial report there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial report does not include any adjustments to the amounts or classifications of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the Company and all subsidiaries from the date on which control is obtained by the Company.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Company entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company. A list of subsidiaries appears in Note 22 to the consolidated financial statements.

The non-controlling interest in Ocean Dairy Pty Ltd was measured at 50% up to 1 June 2026 when the Group became the 100% owner.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(c) Income tax

The Company's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Tax consolidation

The Company and its wholly owned entities have formed a tax-consolidated group with effect from 1 July 2014 and are, therefore, taxed as a single entity from that date. The head entity within the tax consolidated group is Australian Dairy Nutritionals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the 'separate taxpayer within the group' approach by reference to carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits to the tax consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

(d) Fair value of assets

The Group measures some of its assets at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(e) Inventories

Inventories and consumables held for use in operations are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The method used to determine costs for inventory categories are:

Feedstocks, hay and silage: Purchase price of inventory and other direct costs for farm produced inventory.

Packaging: Purchase price of packaging including transport costs.

Raw materials: Purchase price of raw materials including transport costs.

Finished goods: Purchase price of raw materials, direct labour, other direct production costs and overheads.

(f) Biological Assets

Biological assets are comprised of crops (feed stock) and livestock (dairy cattle). Livestock are measured at fair value less costs to sell, with any change recognised in profit or loss. Feed stock is measured at cost until such time as the feed has been harvested at which point the costs are transferred to inventory and recognised in profit or loss as the feedstock is consumed. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The Group, at each reporting date, appoints an external, independent valuer who having recent experience in the location and nature of cattle held by the Group performs a valuation for the reporting date. Fair value is determined by reference to market values for cattle of similar age, weight, breed and genetic make-up. The fair value represents the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(g) Financial instruments

Financial assets

On initial recognition, the Group classifies its financial assets at amortised cost.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents and bonds and deposits.

Financial liabilities

The financial liabilities of the Group comprise trade and other payables, borrowings and lease liabilities.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments.

Simplified approach

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc.).

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful-life rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate (years)
Land	Not depreciated
Buildings	40 years
Fixed Improvements	30 years
Plant and equipment - owned	2-20 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated redeemable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income in the period which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Leases (the Group as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Equity-settled payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The corresponding amount is recorded to equity. The fair value of options is determined using a Black Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Impairment testing is performed annually for intangible assets with indefinite lives or where indicators of impairment are present.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Intangible Assets other than Goodwill

Recipes, formulations, trademarks and patents

Recipes, formulations, trademarks and patents are recognised at cost of acquisition. They have an indefinite life and are tested annually for impairment and carried at cost less any accumulated impairment losses.

Value in use assumptions

The recoverable amount of the intangible assets has been determined based on a value-in-use calculation using cash flow projections from budgets covering a five-year period, extrapolated beyond that period using the growth rate stated below. The key assumptions used in the calculations are a discount rate of 11%, revenue growth rate of 2% and terminal growth rate of 3%.

At 30 June 2026, management reassessed the useful life of the intangible asset previously classified as having an indefinite useful life and determined it no longer meets the criteria for indefinite life treatment as it may eventually be superseded by reformulation. The asset is now assessed as having a finite useful life, with an expected remaining benefit period of 10 years.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(o) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

(q) Revenue and Other Income

Revenue recognition policies are as follows:

The sale of dairy farm and nutritional powder segment products are measured at the fair value of consideration received net of any trade discounts and volume rebates allowed.

The sale of nutritional powders represents a single performance obligation and accordingly, revenue will be recognised in respect of the sale of these goods at the point in time when control over the corresponding goods and services is transferred to the customer (i.e. at a point in time for sale of goods when the goods are delivered to the customer or transfer to the freight forwarder).

Dairy cattle sales are recognised when:

- there has been a transfer of control to the customer (through the execution of a sales agreement at the time of delivery of the cattle to the customer);
- the quantity and quality of the cattle has been determined; and
- the price is fixed and generally title has passed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(r) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Judgements and estimates are based on historical experience and on other various factors they believe are reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Accounting measurements for which significant judgements, estimates and assumptions have been made are:

- Carrying value determination of land and buildings, refer Note 12(i);
- Carrying value determination of right of use assets, refer Note 10(a);
- Carrying value determination of intangible assets, refer Note 11(a)(i);
- Fair value determination of livestock, refer Note 9;
- Control over 50% owned Ocean Dairy Pty Ltd, refer Note 22(ii);
- Share-based payments, refer Note 25; and
- Income tax and other taxes, refer Note 4;

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(s) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2026, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(t) New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 2: PARENT ENTITY

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2026	2025
	$	$
Statement of Financial Position		
Assets		
Current Assets	18,099,391	17,986,409
Non-current Assets	1,153	1,236,819
Total Assets	**18,100,544**	**19,223,228**
Liabilities		
Current Liabilities	872,976	454,061
Non-current Liabilities	19,486	11,023
Total Liabilities	**892,462**	**465,084**
Equity		
Issued capital	80,021,304	78,855,229
Reserves	134,790	60,233
Retained earnings	(62,948,012)	(60,157,318)
Total Equity	**17,208,082**	**18,758,144**
Statement of Comprehensive Income		
Total loss	(2,790,694)	(1,512,862)
Total comprehensive loss	(2,790,694)	(1,512,862)

Contingent liabilities and guarantees

The Company does not have any contingent liabilities or guarantees for the year ended 30 June 2026.

Contractual commitments

At 30 June 2026, the parent company had not entered into any contractual commitments.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 3: REVENUE AND EXPENSES

	Footnote	2026 $	Restated 2025 $
(a) Revenue			
Continued operations			
Revenue from contracts with customers	(i)	7,066,927	7,034,617
Other sources of revenue	(ii)	87,046	133,842
		7,153,973	**7,168,459**

(i) Revenue disaggregation

The revenue is disaggregated by service line and timing of revenue recognition.

		2026 $	Restated 2025 $
Service lines			
- Nutritional powders		4,939,707	3,072,130
- Dairy Farms		2,127,220	3,962,487
		7,066,927	**7,034,617**
Timing of revenue recognition			
Services transferred to customers:			
- at a point in time		**7,066,927**	**7,034,617**
(ii) Other sources of revenue			
Interest - unrelated		14,938	54,412
Farm costs recoveries		10,983	19,400
Fuel rebate and other revenue		61,125	60,030
		87,046	**133,842**
(b) Other income			
Gain from changes to fair value of livestock		757,525	594,556
Gain on disposal of property, plant & equipment		91,217	-
Bad debt recovery		90,000	-
		938,742	**594,556**
(c) Expenses			
(i) Administration and non-dairy related costs			
Administration costs		317,083	274,004
Professional costs		332,656	312,410
Property costs		-	50,426
		649,739	**636,840**
(ii) Employee benefits expense			
Employee and director remuneration costs		2,030,859	2,161,877
Equity settled share-based payment costs	25(b)	74,557	60,233
		2,105,416	**2,222,110**
Employee remuneration costs - included in manufacture related costs*		814,490	593,268
Total employee benefits expense		**2,919,906**	**2,815,378**

*Employee remuneration costs directly attributable to manufacture of nutritional powders have been reallocated to manufacturing related costs in the June 2025 comparative. This includes a restatement of employment expenses and nutritional powders related costs in the statement of profit or loss.

		2026 $	Restated 2025 $
(iii) Finance costs			
Loans - secured		39,236	79,660
Loans - unsecured		17,206	18,994
Lease liabilities		-	18,820
		56,442	**117,474**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 3: REVENUE AND EXPENSES, (cont'd)

	Note	2026	2025
(c) Expenses continued.		**$**	**$**
(iv) Dairy related costs			
Feed costs		1,392,795	1,588,634
Repairs, maintenance and vehicle costs		117,876	221,270
Animal health costs		16,775	25,625
Land holding and lease costs		10,383	13,687
Breeding and herd testing expenses		23,256	46,651
Dairy shed expenses		45,657	132,652
Electricity		38,630	97,940
Other dairy farm related costs		528,845	800,078
		2,174,217	**2,926,537**
(v) Nutritional powders related costs:			
Cost of goods sold		3,680,761	2,304,915
Inventory adjustments		138,133	752,805
Manufacturing related costs*		675,645	1,093,215
Advertising and marketing costs		369,609	320,545
Bad debt provision		-	155,147
Property related costs		82,014	63,027
Other infant formula costs		131,500	232,126
		5,077,662	**4,921,780**

*Employee remuneration costs directly attributable to manufacture of nutritional powders have been reallocated to manufacturing related costs in the June 2025 comparative. This includes a restatement of employment expenses and nutritional powders related costs in the statement of profit or loss.

	Note	2026	2025
(vi) Impairment expenses			
Intangible assets	11(a)	-	2,571
		-	**2,571**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 4: INCOME TAX EXPENSE

	2026 $	Restated 2025 $
(a) The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax at 25% (2025: 25%):	(698,578)	(1,315,286)
Add / (less)		
Tax effect of:		
- current period tax losses not recognised	827,045	987,305
- current period capital losses not recognised	66,677	-
- net amount of expenses not currently deductible	(195,144)	327,981
Income tax expense / (benefit) attributable to entity	-	-

Applicable weighted average effective tax rates are nil due to losses.

(b) Deferred taxes not recognised

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur. The amount of losses ultimately available is also dependent on compliance with conditions of deductibility imposed by law.

	2026 $	2025 $
Temporary differences	113,787	(312,448)
Tax losses	14,885,281	14,158,102
Capital losses	113,743	47,066
Deferred liability on asset revaluation	(811,966)	(901,191)
Net unbooked deferred tax assets	**14,300,845**	**12,991,529**

The Group has significant carry forward tax losses and will only be able to utilise these losses subject to it satisfying certain carry forward rules and other taxation legislation such as the Same Business Test and/or the Continuity of Ownership Test. Due to the changes that have occurred within the Group since these losses commenced accumulating, there is uncertainty as to the likelihood of the Group being able to utilise these losses. The Group has previously endeavoured to obtain a private ruling as to the status of its carry forward losses from the Australian Taxation Office (ATO) only to be advised that the ATO will not rule on the applicability of carry forward tax losses until such time as the Group endeavours to utilise those losses.

The 2025 comparative year amounts have been restated to agree to tax returns as lodged.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 5: CASH AND CASH EQUIVALENTS

	Note	2026 $	2025 $
Current			
Cash at bank and in hand		1,157,254	2,687,954
Total cash and cash equivalents	26	**1,157,254**	**2,687,954**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation of Profit after Income Tax to Cash Flows from Operations

	2026 $	2025 $
Net loss after income tax	(2,794,312)	(5,261,146)
Adjustment of non cash items		
Amortisation & depreciation	548,356	860,799
Deemed cost of livestock disposed	275,195	1,336,050
Fair value adjustment of biological assets	(757,525)	(594,556)
Net (gain)/loss on disposal of property, plant and equipment	(91,217)	147,463
Inventory impairments	105,197	752,805
Impairment expenses	-	2,571
Bad debt provisions	(90,000)	155,147
Finance costs	39,236	79,660
Equity settled share-based payments	74,557	60,233
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
(Increase) / decrease in trade and other receivables	13,826	(838,188)
(Increase) / decrease in other assets	(131,442)	240,614
(Increase) / decrease in inventories	(1,347,432)	(263,775)
Increase / (decrease) in trade and other payables	317,853	44,801
Increase / (decrease) in provisions	47,420	1,268
Net operating cash flows	**(3,790,288)**	**(3,276,254)**

(b) Changes in liabilities arising from finance activities

	1 July 2025 $	Cash flows $	Non-cash Movements $	30 June 2026 $
Borrowings	-	1,466,801	2,766	1,469,567
Lease liabilities	48,452	(79,081)	180,794	150,165
	48,452	**1,387,720**	**183,560**	**1,619,732**

	1 July 2024 $	Cash flows $	Non-cash Movements $	30 June 2025 $
Borrowings	1,739,957	(1,814,905)	74,948	–
Lease liabilities	512,667	(401,424)	(62,791)	48,452
Total	**2,252,624**	**(2,216,329)**	**12,157**	**48,452**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 6: TRADE AND OTHER RECEIVABLES

	Note	2026 $	2025 $
Current			
Trade debtors		1,334,567	1,164,897
Other receivables		105,984	95,613
Total current trade and other receivables	26	**1,440,551**	**1,260,510**

The Group applies the simplified approach to providing for expected credit loss prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(a) Lifetime Expected Credit Loss Credit Impaired

2026	Current	> 30 days past due	> 60 days past due	>90 days past due	Total
	$	$	$	$	$
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount	1,439,516	740	-	295	**1,440,551**
Loss allowance provision	-	-	-	-	**-**

2025	Current	> 30 days past due	> 60 days past due	>90 days past due	Total
	$	$	$	$	$
Expected loss rate	0%	0%	0%	11%	11%
Gross carrying amount	1,260,510	0	0	153,764	**1,414,274**
Loss allowance provision	-	-	-	(153,764)	**(153,764)**

ECL movement	2026 $	2025 $
Opening balance	153,764	-
Recovery of amounts previously written off	(90,000)	-
Net remeasurement of loss allowance recognised in profit or loss	(63,764)	153,764
Closing balance	**-**	**153,764**

Credit Risk

The Group has a significant concentration of credit risk with two (2025: five) key customer totaling $1,279,739 (2025: $1,281,079) or 89% (2025: 91%) of receivables at balance date. There is no impairment on these customers and outstanding amounts as there is a history of trading with these customers and the amounts are within terms at year end.

The class of assets described as "trade and other receivables" is considered to be the main source of credit risk to the Group.

On a geographical basis, the Group has credit risk exposures in Australia and Hong Kong.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(b) Financial Assets Measured at Amortised Cost	Note	2026 $	2025 $
Trade and other receivables			
Total current		1,440,551	1,260,510
Total financial assets measured at amortised cost	26	**1,440,551**	**1,260,510**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 7: INVENTORIES

	Note	2026	2025
Current		**$**	**$**
Feedstocks, hay and silage		151,148	259,666
Packaging		261,847	144,559
Raw materials and finished goods		2,319,645	935,997
Total inventories (at cost)		**2,732,640**	**1,340,222**

NOTE 8: OTHER ASSETS

		2026	2025
		$	**$**
Current			
Prepayments		231,420	138,767
Bonds and deposits	26	2,320	-
Total other assets		**233,740**	**138,767**

NOTE 9: BIOLOGICAL ASSETS

	Footnote	2026	2025
		$	**$**
Current			
Feed crops		94,594	161,804
Non-current			
Dairy livestock	(i)	1,375,975	893,645
Total biological assets		**1,470,569**	**1,055,449**
Opening carrying amount		1,055,449	1,873,697
Movement in feed crops		(67,210)	(76,754)
Deemed cost of livestock disposed		(275,195)	(1,336,050)
Gain from changes to fair value		757,525	594,556
Closing carrying amount		**1,470,569**	**1,055,449**

Movement during the year (herd numbers):

	2026	2025
	No.	**No.**
Opening balance	766	1,674
Natural increase and attrition	285	317
Sales	(394)	(1,225)
Closing balance	**657**	**766**

(i) Biological assets represent the dairy livestock owned by the Group. At 30 June 2026, the livestock has been valued at fair value, by an independent stock agent, based on the prices in the open cattle market in the locality of the dairy operations. A fair value gain of $757,525 (2025: $594,556) has been recognised in profit and loss at 30 June 2026, and represents price movements, natural increase and the movement in ages of young stock.

Financial risks associated with the Group's dairy herd relates to selling prices of milk, and is managed by way of contracted revenue prices.

During the year ended 30 June 2026, the Group produced 2.3 million litres (2025: 3.5 million litres) of raw milk. The average number of cows milked during the year was 299 (2025: 569).

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 10: RIGHT OF USE ASSETS

(a) AASB 16 related amounts recognised in the statement of financial position

	2026	2025
	$	$
Right of use assets		
Leased land and buildings	177,863	353,741
Accumulated depreciation	(19,763)	(293,461)
Total right of use assets	**158,100**	**60,280**

Movement in carrying amounts:		2026	2025
	Footnote	**$**	**$**
Opening balance	(i)	60,280	515,340
Additions	(ii)	177,863	-
Disposals		-	(67,224)
Depreciation expense		(80,043)	(387,836)
Net carrying amount		**158,100**	**60,280**

(i) The Group had the following carried forward land and building lease recognised under AASB16 which expired during the year.
- a 3-year and 3 months lease on 651 acres of land at Claidheamh, Darlington, Victoria which expired on 22 March 2026.

(ii) The Group entered into the following lease recognised under AASB 16 during the year.
- a 3-year lease on 309 acres of land at Claidheamh, Darlington, Victoria which expires on 1 March 2029.

The land lease is an initial 3 years with an option to extend by mutual agreement, which provides the Group opportunities to manage the lease in order to align with business strategies. Management has no reasonable certainty at this point in time that the option will be exercised and as such the option is not included in the calculation of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 10: RIGHT OF USE ASSETS, (cont'd)

(b) AASB 16 related amounts recognised in the statement of profit or loss

	Note	2026	2025
		$	$
Depreciation charge related to right of use assets		80,043	269,922
Interest expense on lease liabilities (included in Biological Assets - Feed Crops)		2,930	18,820

(c) AASB 16 related amounts recognised in the statement of cash flows

	2026	2025
	$	$
Total cash outflows for leases	79,081	401,424

(d) Lease liabilities	Note	2026	2025
		$	$
Current			
Lease liabilities		54,550	48,452
Total current lease liabilities		**54,550**	**48,452**
Non-current			
Lease liabilities		95,615	-
Total non-current lease liabilities		**95,615**	**-**
Total lease liabilities	26	**150,165**	**48,452**

An expense of $15,080 (2025: $nil) relating to short-term leases, is recognised on a straight-line basis in nutritional powders related costs.

NOTE 11: INTANGIBLE ASSETS

	2026	2025
	$	$
Recipes, formulations, trademarks and patents		
-at cost	630,329	630,329
Less accumulated impairment	(247,163)	(247,163)
	383,166	**383,166**

(a) The movement in carrying amounts of intangibles comprises:

	Footnote	2026	2025
		$	$
Opening balance		383,166	393,707
Impairment expenses	(i)	-	(2,571)
Amortisation		-	(7,970)
Closing balance		**383,166**	**383,166**

(i) At 30 June 2026, management reassessed the useful life of the intangible asset previously classified as having an indefinite useful life and determined it no longer meets the criteria for indefinite life treatment as it may eventually be superseded by reformulation. The asset is now assessed as having a finite useful life, with an expected remaining benefit period of 10 years.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Footnote	2026 $	2025 $
Land, buildings and improvements			
- at fair value		13,127,989	13,592,291
less accumulated depreciation		(171,663)	(209,213)
	(i)	**12,956,326**	**13,383,078**
Plant and equipment			
- at cost		6,551,246	6,695,749
less accumulated depreciation		(1,864,956)	(1,916,375)
		4,686,290	**4,779,374**
Total property, plant and equipment		**17,642,616**	**18,162,452**

(i) Below is a table showing the carrying value of land and buildings and improvements by property:

Property name	Note	Acquisition Date	2026	2025
Yaringa - Nirranda South	(a)	4 October 2018	8,217,326	8,563,578
Infant Formula Facility	(b)	1 July 2022	4,739,000	4,819,500
Total			**12,956,326**	**13,383,078**

(a) Registered valuers Preston Rowe Paterson completed an independent valuation of the farm for 31 December 2025. The basis of the valuation was 'As Is and In Use' with vacant possession. The fair value of the farm was $8,200,000 and a fair value loss on land and buildings of $356,904 is reflected in other comprehensive income. The Board has reviewed the carrying amount at 30 June 2026 and are satisfied it is not impaired. The carrying amount represents the independent valuation from 31 December 2025 plus capitalised costs from the valuation date, less depreciation.

(b) Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and infant formula building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at $5,100,000. At the 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the fair value at $4,900,000. The Board has reviewed the carrying amount at 30 June 2026 and are satisfied it is not impaired. The carrying amount represents the independent valuation from June 2024 plus capitalised costs from the valuation date, less depreciation.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 12: PROPERTY, PLANT AND EQUIPMENT, (cont'd)

(b) Movements in the carrying amounts:

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land, Buildings & Improvements	Plant & Equipment	Total
2026	**$**	**$**	**$**
Balance beginning of the financial year	13,383,078	4,779,374	18,162,452
Additions	34,475	441,950	476,425
Disposals	-	(91,002)	(91,002)
Fair value adjustments	(356,904)	-	(356,904)
Depreciation expense	(104,323)	(444,032)	(548,355)
Balance at end of financial year	**12,956,326**	**4,686,290**	**17,642,616**

	Land, Buildings & Improvements	Plant & Equipment	Total
2025	**$**	**$**	**$**
Balance beginning of the financial year	13,444,216	5,407,366	18,851,582
Additions	58,138	130,002	188,140
Disposals	(14,411)	(279,953)	(294,364)
Depreciation expense	(104,865)	(478,041)	(582,906)
Balance at end of financial year	**13,383,078**	**4,779,374**	**18,162,452**

NOTE 13: TRADE AND OTHER PAYABLES

	Note	2026 $	2025 $
Current			
Trade creditors		998,965	496,018
Sundry creditors and accrued expenses		525,715	606,941
Total trade and other payables	26	**1,524,680**	**1,102,959**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 14: PROVISIONS

	2026	2025
Current	**$**	**$**
Employee benefits	310,293	275,172
Total current provisions	**310,293**	**275,172**
Non-Current		
Employee benefits	27,040	14,742
Total non-current provisions	**27,040**	**14,742**
	337,333	**289,914**
Opening Balance	289,914	288,646
Additional provisions	197,765	198,809
Amounts used	(150,346)	(197,541)
Closing Balance	**337,333**	**289,914**

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j) to this report.

NOTE 15: BORROWINGS

	Note	2026	2025
		$	**$**
Current			
Loans - secured	(i), (ii)	1,500,000	-
Transaction costs		(30,433)	-
Total current borrowing	26	**1,469,567**	**-**

(i) On 21 May 2026, the Group established a $1,500,000 secured loan facility with RELI Capital Ltd (formerly known as Gippsreal Limited). The facility is secured against the Group's Yaringa dairy farm as well as a first ranking general security over the assets of the borrower in connection with the property. The loan is for a period of 12 months from the first draw down on 29 May 2026 and interest is calculated on a variable interest rate at of 9.74% per annum, prepaid in advance.

(ii) On 5 December 2023, the Group established a $3,000,000 secured loan facility with Gippsreal Limited. The facility was secured against the Group's Yaringa dairy farm as well as a first ranking security over the assets of the borrower in connection with the property. The loan was for a period of 24 months and interest was calculated on a variable interest rate at the Reserve Bank of Australia prevailing rate plus a margin of 5.4% per annum. On 27 August 2024 the Group repaid the drawn down loan facility balance of $1,780,000 and at 30 June 2025 had an unused facility balance of $1,220,000 available. The funding facility expired on 13 December 2025 and security over assets was removed in relation to this facility on that date.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 16: ISSUED CAPITAL

	2026	2025
	$	$
Contributed equity of the Group	80,021,305	78,855,230

(a) Movement in ordinary shares at 30 June 2026:

Details	Date	Number of Shares	Issued Capital	Issue Price
			$	$
Opening balance	01 Jul 2025	743,321,815	78,855,230	-
Non-renouncable entitlement offer shares (i)	25 Feb 2026	19,109,443	535,064	0.028
Non-renouncable entitlement offer shares (ii)	15 May 2026	25,000,000	700,000	0.028
Transaction costs		-	(68,989)	-
30 June 2026		**787,431,258**	**80,021,305**	

(i) On 25 February 2026, there were 19,109,443 shares issued as part of a non-renouncable entitlement offer. The fair value of shares issued, determined by reference to the placement price of $0.028, was $535,064.

(ii) On 15 May 2026, there were 25,000,000 shortfall shares issued as part of a non-renouncable entitlement offer. The fair value of shares issued, determined by reference to the placement price of $0.028, was $700,000.

(b) Movement in ordinary shares at 30 June 2025:

Details	Date	Number of Shares	Issued Capital	Issue Price
			$	$
Opening balance	01 Jul 2024	646,366,797	76,733,411	-
Placement shares (i)	13 Sep 2024	48,477,509	1,163,460	0.024
Placement shares (ii)	13 Sep 2024	48,477,509	969,550	0.02
Transaction costs			(11,191)	-
30 June 2025		**743,321,815**	**78,855,230**	

(i) On 13 September 2024, there were 48,477,509 shares issued as part of a strategic placement. The fair value of shares issued, determined by reference to the placement price of $0.024, was $1,163,460.

(ii) On 13 September 2024, there were 48,477,509 shares issued as part of a strategic placement. The fair value of shares issued, determined by reference to the placement price of $0.02, was $969,550.

(c) Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Group defines capital as its equity and net debt. There has been no change to capital risk management policies during the year.

The Group manages its capital structure and makes funding decisions based on the prevailing economic environment to manage capital risk which includes determining when the issue of new shares is necessary.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios when relevant to the drawing down of loan facilities.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 17: RESERVES

Nature and purpose of reserves

Option reserve

The option reserve records amounts recognised on issue of share-based payments (options and securities).

Asset revaluation reserve

The asset revaluation reserve records revaluation of land and buildings.

NOTE 18: COMMITMENTS

There are no capital expenditure commitments contracted for the year ended 30 June 2026 (2025: nil).

NOTE 19: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities for the year ended 30 June 2026 (2025: nil).

NOTE 20: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2026.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2026	2025
	$	$
Short term	645,625	612,061
Post-employment	64,215	60,914
Share-based payments	74,557	60,233
	784,397	**733,208**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 21: AUDITORS' REMUNERATION

Remuneration of the auditor for:

	2026	2025
	$	$
Audit and review of the financial statements	104,456	94,863

NOTE 22: CONTROLLED ENTITIES

Particulars in relation to controlled entities	Footnote	Class of Equity	2026 Percentage Owned	2025 Percentage Owned
Parent Entity:			%	%
Australian Dairy Nutritionals Limited	(i)			
Wholly Owned Controlled Entities				
SW Dairy Farms Pty Ltd		ordinary	100	100
Organic Nutritionals Pty Ltd		ordinary	100	100
Regen Properties Pty Ltd		ordinary	100	100
Ocean Dairy Pty Ltd	(ii)	ordinary	100	50
Camperdown Dairy Park Trust		units	100	100
Camperdown Dairy Company Pty Ltd	(iii)	ordinary	-	100
Regen Farms Pty Ltd	(iii)	ordinary	-	100
Regen Operations Pty Ltd	(iii)	ordinary	-	100

(i) All controlled entities have the same financial year end as that of the holding company and all controlled entities are incorporated in Australia. All entities principal place of business and country of incorporation is Australia. All ownership interests are directly held and have equal voting rights. There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(ii) On 1 June 2026, the joint venture between Australian Dairy Nutritionals Limited (AHF) and Wellnex Life Ltd (WNX) was terminated. WNX transferred 50 fully paid ordinary shares in Ocean Dairy Pty Ltd (Company) to AHF for $1 and AHF is now the 100% owner of the Company.

Up until the transfer, the directors assessed the governance and operational structure of Ocean Dairy Pty Ltd ("Ocean Dairy") and concluded that, despite there being equal shareholding and board representation between Australian Dairy Nutritionals Limited (Company) and Wellnex Life Ltd, Ocean Dairy was controlled by the Company. This conclusion was based on the following clauses of the shareholder's agreement:

- The Company maintained the right to purchase Ocean Dairy for up to 5 years; and
- The Company also had an exclusive license to sell the core and other products outside of Australia and New Zealand, so had access to variable returns from the products.

Furthermore the Company maintained day-to-day operational and management oversight of Ocean Dairy thereby directly impacting Ocean Dairy's ability to earn variable returns. The directors were therefore of the view that the Company had control over Ocean Dairy as described by AASB 10 – Consolidated Financial Statements by maintaining power over Ocean Dairy to direct its relevant activities. On this basis, Ocean Dairy Pty Ltd was consolidated in the Group's consolidated financial statements.

(iii) Dormant companies deregistered in June 2026.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 23: RELATED PARTY TRANSACTIONS

(a) The Group's main related parties are as follows

(i) Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is Australian Dairy Nutritionals Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 20.

(iii) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

The Group utilises a storage facility owned by former director Andy Zhang. During the year, there was no consideration (2025: nil) paid by the Group to Andy Zhang for usage of the facility.

Funding amongst Group entities is on an unsecured, interest free, no fixed term basis.

NOTE 24: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service; and
- external regulatory requirements.

The Group has two reportable segments:

Nutritional Powders - There has been no change to the nutritional powders segment which includes the processing and sale of dairy and nutritional products to domestic and international markets.

Dairy Farms - There has been no change to the dairy farms segment which includes the ownership and operation of dairy farms and dairy livestock for the production and sale of fresh raw milk for conversion to milk and milk products.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Corporate costs and KMP remuneration have not been allocated to segments but are reviewed by the Board and there are no intersegment sales.

Segment assets

If an asset is used across multiple segments, if possible, it is allocated to the segment that receives the majority of economic value from it, otherwise it is split between segments. Segment assets are generally identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are, if possible, allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment, otherwise they are split between segments. Segment liabilities include trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 24: SEGMENT REPORTING, (cont'd)

(i) Segment Performance

30 June 2026	Nutritional Powders	Dairy Farms	Total
	$	$	$
Revenue			
External sales	4,989,706	2,149,329	7,139,035
Other income	106,695	832,047	938,742
Interest revenue	-	14,938	14,938
Total segment revenue	**5,096,401**	**2,996,314**	**8,092,715**
Total group revenue			**8,092,715**
Segment net profit / (loss) before tax	**(1,300,854)**	**112,864**	**(1,187,990)**
Reconciliation of segment result to group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate costs	(803,161)	(803,161)	(1,606,322)
Net loss before tax			**(2,794,312)**

(ii) Segment Performance

30 June 2025	Nutritional Powders	Dairy Farms	Total
	$	$	$
Revenue			
External sales	3,072,130	4,041,917	7,114,047
Other sources of revenue			-
Other income	**-**	**594,556**	**594,556**
Inter-segment sales	**-**	**-**	**-**
Interest revenue	**-**	**54,412**	**54,412**
Total segment revenue	**3,072,130**	**4,690,885**	**7,763,015**
Total Group revenue			**7,763,015**
Segment net profit / (loss) before tax	**(3,041,070)**	**(652,346)**	**(3,693,416)**
Reconciliation of segment result to group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate costs	(783,865)	(783,865)	(1,567,730)
Net loss from continuing operations before tax			**(5,261,146)**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 24: SEGMENT REPORTING, (cont'd)

(iii) Segment Assets

As at 30 June 2026	Nutritional Powders	Dairy Farms	Total
	$	$	$
Segment assets	14,074,848	11,143,788	25,218,636
Segment assets include:			
Additions to non-current assets	437,995	216,293	654,288

(iv) Segment Assets

As at 30 June 2025	Nutritional Powders	Dairy Farms	Total
	$	$	$
Segment assets	13,205,680	11,883,120	25,088,800
Segment assets include:			
Additions to non-current assets	124,881	63,259	188,140

(v) Segment Liabilities

As at 30 June 2026	Nutritional Powders	Dairy Farms	Total
	$	$	$
Segment liabilities	1,616,411	1,865,334	3,481,745

(vi) Segment Liabilities

As at 30 June 2025	Nutritional Powders	Dairy Farms	Total
	$	$	$
Segment liabilities	1,160,645	280,680	1,441,325

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 24: SEGMENT REPORTING, (cont'd)

(iv) Revenue by geographic region

Revenue attributable to external customers is disclosed below, based on the location of the external customer

	2026	2025
	$	$
Australia	5,196,423	5,610,033
Other foreign countries	2,896,292	2,152,982
Total revenue	**8,092,715**	**7,763,015**

(v) Assets by geographic region

The location of segment assets is disclosed below by geographical location of the assets

	2026	2025
	$	$
Australia	25,218,636	25,088,800
Other foreign countries	-	-
Total assets	**25,218,636**	**25,088,800**

NOTE 25: SHARE BASED PAYMENTS

(a) Employee share scheme

Set out below are performance rights and options granted under the Group Incentive Plan as share-based payments during the period:

Grant date	Expiry date	Vesting date	Note	Exercise price	Balance at 1 July 2025	Granted during the year	Vested and issued during the year	Forfeited during the year	Balance at 30 June 2026	Vested and exercisable at 30 June 2026
Performance rights										
4/10/2024	18/12/2029	18/12/2025		-	1,000,000	-	-	-	1,000,000	1,000,000
30/10/2025	7/11/2030	7/11/2026	(i)		-	1,000,000	-	-	1,000,000	-
Options										
4/10/2024	18/12/2029	18/12/2025		$0.02	2,706,667	-	-	-	2,706,667	2,706,667
4/10/2024	18/12/2029	18/12/2026		$0.02	2,706,667	-	-	-	2,706,667	-
4/10/2024	18/12/2029	18/12/2027		$0.02	2,706,666	-	-	-	2,706,666	-
27/11/2024	18/12/2029	18/12/2025		$0.02	500,000	-	-	-	500,000	500,000
27/11/2024	18/12/2029	18/12/2026		$0.02	500,000	-	-	-	500,000	-
27/11/2024	18/12/2029	18/12/2027		$0.02	500,000	-	-	-	500,000	-
30/10/2025	7/11/2030	7/11/2026	(ii)	$0.04	-	2,706,667	-	-	2,706,667	-
30/10/2025	7/11/2030	7/11/2027	(ii)	$0.04	-	2,706,667	-	-	2,706,667	-
30/10/2025	7/11/2030	7/11/2028	(ii)	$0.04	-	2,706,666	-	-	2,706,666	-
30/10/2025	7/11/2030	7/11/2026	(iii)	$0.04	-	500,000	-	-	500,000	-
30/10/2025	7/11/2030	7/11/2027	(iii)	$0.04	-	500,000	-	-	500,000	-
30/10/2025	7/11/2030	7/11/2028	(iii)	$0.04	-	500,000	-	-	500,000	-
					10,620,000	**10,620,000**	**-**	**-**	**21,240,000**	**4,206,667**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 25: SHARE BASED PAYMENTS, (cont'd)

(i) Performance rights granted - Mahinthan Sundaranathan (KMP)

The performance rights were issued for no consideration and vest in one year based on performance against non-market based targets for revenue, financial results and production, quality and operational KPI's determined by the Board. The fair value of the performance rights was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of performance rights issued	1,000,000
Fair value at grant date (per right)	$0.036
Grant date	30 October 2025
Exercise price	$0.00
Expiry date	07 November 2030
Share price at grant date	$0.036
Expected price volatility of Company's shares	88%
Expected dividend yield	nil
Risk-free interest rate	3.55%

(ii) Options granted - Mahinthan Sundaranathan (KMP)

The options have been granted subject to the individual meeting non-market based targets for revenue, financial results and production, quality and operational KPI's for the financial year of issue and completion of three years continued service. Should the performance criteria be achieved in the year of issue, the year 1 options will vest and the year 2 and year 3 options will vest on the anniversary of the issue date if the option holder remains employed. Should the performance criteria not be met in year 1, all options shall be considered forfeited. The fair value of the options was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of options issued	8,120,000
Fair value at grant date (per option)	$0.025
Grant date	30 October 2025
Exercise price	$0.04
Expiry date	07 November 2030
Share price at grant date	$0.036
Expected price volatility of Company's shares	88%
Expected dividend yield	nil
Risk-free interest rate	3.55%

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 25: SHARE BASED PAYMENTS, (cont'd)

(iii) Options granted - Peter Nathan (Chairman)
The options were issued for no consideration subject to completion of three years continued service and vest evenly at the anniversary of the issue date. The fair value of the options was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of options issued	1,500,000
Fair value at grant date (per option)	$0.025
Grant date	30 October 2025
Exercise price	$0.04
Expiry date	07 November 2030
Share price at grant date	$0.036
Expected price volatility of Company's shares	88%
Expected dividend yield	nil
Risk-free interest rate	3.55%

(b) Total expenses arising from share-based transactions recognised during the period are as follows:

	Note	2026 $	2025 $
Employee share scheme - share based payment expenses	3(c)(vi)	74,557	60,233

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments consist mainly of deposits with banks, loans and receivables, bonds and deposits, trade and other payables, borrowings and lease liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2026 $	2025 $
Financial assets			
Financial assets at amortised cost:			
Cash and cash equivalents	5	1,157,254	2,687,954
Trade and other receivables	6	1,440,551	1,260,510
Bonds and deposits	8	2,320	-
Total financial assets		**2,600,125**	**3,948,464**
Financial Risk Management Policies			
Financial liabilities			
Financial liabilities at amortised cost:			
Lease liabilities	10(d)	150,165	48,452
Trade and other payables	13	1,524,680	1,102,959
Borrowings	15	1,469,567	-
Total financial liabilities		**3,144,412**	**1,151,411**

The main purpose of the financial instruments listed is to raise finance for the Group's operations when the Board considers it appropriate. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risks arising from the Group's financial instruments include interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 26: FINANCIAL RISK MANAGEMENT, (cont'd)

Treasury Risk Management

The Board considers financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are reviewed by the Board when necessary. These include the use of credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

(a) Credit risk

The Group trades only with parties that it believes to be creditworthy. The maximum exposure to credit risk is equivalent to the financial assets' carrying value. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, however the Group will always have exposure to potential bad debts (see also Note 6).

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and bonds and deposits, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments. The Group generally does not require third party collateral.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with appropriately regulated financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table following presents contractual maturity of the Group's financial instruments. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates taking into consideration management expectations that Group banking facilities will be extended.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 26: FINANCIAL RISK MANAGEMENT, (cont'd)

(b) Liquidity risk, continued.

Financial Liability and Financial Asset Maturity Analysis:

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Borrowings	(1,469,567)	-			-	-	(1,469,567)	-
Lease liabilities	(54,550)	(48,452)	(95,615)	-			(150,165)	(48,452)
Trade and other payables	(1,524,680)	(1,102,959)	-	-	-	-	(1,524,680)	(1,102,959)
Total expected outflows	**(3,048,797)**	**(1,151,411)**	**(95,615)**	**-**	**-**	**-**	**(3,144,412)**	**(1,151,411)**
Financial assets - cash flows realisable								
Cash	1,157,254	2,687,954	-		-	-	1,157,254	2,687,954
Trade and other receivables	1,440,551	1,260,510	-		-	-	1,440,551	1,260,510
Bonds and deposits	-	-	2,320	-	-	-	2,320	-
Total anticipated inflows	**2,597,805**	**3,948,464**	2,320	**-**	**-**	**-**	**2,600,125**	**3,948,464**
Net (outflows) / inflows on financial instruments	**(450,992)**	**2,797,053**	**(93,295)**	**-**	**-**	**-**	**(544,287)**	**2,797,053**

(c) Market risk

Interest Rate Risks

The Group at the date of this report has $1,157,254 in variable rate cash balances.

Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to variable interest rate at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 30 June 2026, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2026	2025
	$	$
Change in profit		
- Increase in interest rate by 1%	(3,427)	26,880
- Decrease in interest rate by 1%	3,427	(26,880)
Change in equity		
- Increase in interest rate by 1%	3,427	(26,880)
- Decrease in interest rate by 1%	(3,427)	26,880

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 26: FINANCIAL RISK MANAGEMENT, (cont'd)

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Footnote	Carrying Amount 2026 $	Carrying Amount 2025 $	Fair Value 2026 $	Fair Value 2025 $
Financial assets at amortised cost:					
Cash and cash equivalents	(i)	1,157,254	2,687,954	1,157,254	2,687,954
Trade and other receivables	(i)	1,440,551	1,260,510	1,440,551	1,260,510
Bonds and deposits	(i)	2,320	-	2,320	-
Total financial assets		**2,600,125**	**3,948,464**	**2,600,125**	**3,948,464**
Financial liabilities					
Trade and other payables	(i)	1,524,680	1,102,959	1,524,680	1,102,959
Lease liabilities	(ii)	150,165	48,452	150,165	48,452
Borrowings	(ii)	1,469,567	-	1,469,567	-
Total financial liabilities		**3,144,412**	**1,151,411**	**3,144,412**	**1,151,411**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, bonds and deposits and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

(ii) Fair values on borrowings and lease liabilities are determined using a discounted cash flow model incorporating current commercial borrowing rates.

NOTE 27: FAIR VALUE MEASUREMENT

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Biological assets
- Land and buildings

The Group may measure some items of property at fair value on a non-recurring basis. The Group does not subsequently measure any other assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 27: FAIR VALUE MEASUREMENT, (cont'd)

(a) Fair Value Hierarchy, continued.

The fair values of assets and liabilities that are not traded in an active market are determined using one valuation technique. This valuation technique maximises, to the extent possible, the use of observable market data. All significant inputs required to measure fair value are observable, therefore the asset or liability is included in Level 2.

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with the following valuation approach:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

This valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2026	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
Non-financial assets					
Biological assets - dairy livestock	9	-	1,375,975	-	1,375,975
Land and buildings	12	-	12,956,327	-	12,956,327
Total non-financial assets recognised at fair value on a recurring basis		**-**	**14,332,302**	**-**	**14,332,302**

30 June 2025	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
Non-financial assets					
Biological assets - dairy livestock	9	-	893,645	-	893,645
Land and buildings	12	-	13,383,078	-	13,383,078
Total non-financial assets recognised at fair value on a recurring basis		**-**	**14,276,723**	**-**	**14,276,723**

(b) Techniques and Inputs Used to Measure Level 2 Fair Values

In the absence of an active market for an identical asset, the Group selects and uses one or more valuation techniques to measure the fair value of the asset. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 27: FAIR VALUE MEASUREMENT, (cont'd)

(b) Techniques and Inputs Used to Measure Level 2 Fair Values, continued.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Description	Fair Value at 30 June 2026 $	Valuation Technique(s)	Input Used
Non-financial assets			
Biological assets - dairy livestock	1,375,975	Market approach using recent observable industry market data for dairy cattle	Breed, weight, condition
Land and buildings	12,956,327	Market approach using recent observable comparable sales evidence	Price per hectare, improvements value, current replacement cost
	14,332,302		

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED.

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 28: EARNINGS PER SHARE CALCULATIONS

	2026 cents	2025 cents
From continuing and discontinued operations :		
Basic loss per share	(0.37)	(0.72)
Diluted loss per share	(0.37)	(0.72)

	2026 $	2025 $
Reconciliation of earnings to profit or loss:		
Loss attributable to shareholders	(2,794,312)	(5,209,050)

	Number of Shares	Number of Shares
Weighted average number of shares outstanding during the year used in calculating basic EPS	753,016,830	723,399,551
Weighted average number of options outstanding	-	-
Weighted average number of shares outstanding during the year used in calculating dilutive EPS	**753,016,830**	**723,399,551**

All options on issue are considered to be dilutive potential ordinary shares, however they are presently anti-dilutive at 30 June 2026 and at 30 June 2025 as the average market price of shares during the period is less than the exercise price of all options.

NOTE 29: DIVIDENDS

The directors have not recommended or paid a dividend for the year ended 30 June 2026 (2025: $nil) at the date of this report.

NOTE 30: EVENTS AFTER THE BALANCE DATE

In the opinion of the directors there are no material matters that have arisen since 30 June 2026 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2026

Presented below is the consolidated entity disclosure statement for Australian Dairy Nutritionals Limited at 30 June 2026. This statement outlines the relevant information noted in the table below for each entity in Australian Dairy Nutritionals Limited consolidated group.

Entity name	Entity type	Place formed or incorporated	% of share capital held	Australian resident or foreign resident
Australian Dairy Nutritionals Limited	Body Corporate	Australia	n/a	Australian
SW Dairy Farms Pty Ltd	Body Corporate	Australia	100%	Australian
Organic Nutritionals Pty Ltd	Body Corporate	Australia	100%	Australian
Regen Properties Pty Ltd	Body Corporate	Australia	100%	Australian
Ocean Dairy Pty Ltd	Body Corporate	Australia	100%	Australian
Camperdown Dairy Park Trust	Trust	Australia	n/a	Australian


OCEAN ROAD
DAIRIES
PREMIUM
ORGANIC
A2 BETA-CASEIN PROTEIN
INFANT FORMULA
STAGE ONE 1 0-6 MONTHS
900 g
CONTAINS FRESH AUSTRALIAN MILK FROM OUR CERTIFIED ORGANIC FARMS
TODDLER MILK
STAGE THREE 3
2 6-12 MONTHS

DIRECTORS' DECLARATION

Australian Dairy Nutritionals

DIRECTORS' DECLARATION

For the year ended 30 June 2026

In the opinion of the directors of Australian Dairy Nutritionals Group:

(a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001,* and:

  (i) give a true and fair view of the Company's and Group's financial position as at 30 June 2026 and of their performance for the year ended on that date; and

  (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(b) the consolidated entity disclosure statement presented on page 66 is true and correct.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2026.

This declaration is made in accordance with a resolution of the Board of directors.

Peter Nathan
Chair

27 August 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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Independent Auditor's Report

To the members of Australian Dairy Nutritionals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Dairy Nutritionals Limited (the Company) and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report which indicates that during the year the Group incurred a loss of $2.79 million (2025: $5.26 million loss) has total accumulated losses of $61.67 million and had a net cash outflow from operations of $3.79 million (2024: $3.28 million outflow). As stated in Note 1(a), these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters below to be the Key Audit Matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.

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Key audit matter	How the matter was addressed in our audit
Assessment of carrying value of property, plant and equipment	
Refer to Note 13 Property, Plant and Equipment	
At 30 June 2026 key assets of the Group included property, plant and equipment of $17,642,616. Included within this balance are land and buildings measured at revalued amounts and assets associated with the Group's infant formula processing plant. During the year, the Group continued to incur operating losses and experienced cash outflows from operating activities. These conditions represented indicators of impairment under the applicable accounting standards and required management to perform an impairment assessment of the infant formula processing plant and the total land and buildings. In addition, significant judgement was required in assessing whether the carrying value of the Group's land and buildings remained materially consistent with fair value at the reporting date, including consideration of market movements and other factors that may have affected value since the most recent formal valuation. Due to the significance of the property, plant and equipment balance to the Group's statement of financial position, together with the level of judgement involved in determining the fair value of land and buildings and assessing the potential impairment of the infant formula processing plant and related assets, we considered this matter to be a key audit matter.	Our procedures included, but were not limited to: • We conducted site visits to locations containing material property, plant and equipment and inspected the condition of the assets to assess whether they continued to be employed in the business and to identify any indicators of impairment; • We performed procedures over property, plant and equipment balances, including testing a sample of additions and disposals and reconciling asset records to supporting documentation, to assess whether assets were appropriately recorded; • We considered management's assessment of the carrying value of the Group's land and buildings and assessed evidence supporting management's conclusion that there had not been a material movement in fair value since the most recent independent valuation • We considered the competence, capabilities and objectivity of the external valuation expert engaged by management in relation to the most recent formal valuation and assessed the appropriateness of the valuation methodology adopted; and • We evaluated the adequacy of the disclosures in the financial report relating to the valuation of land and buildings and the assessment of the carrying value of the Group's property, plant and equipment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, CONTINUED.

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If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

ii) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error;

iii) and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on The Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in pages 18 to 23 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Australian Dairy Nutritionals Limited, for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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Robyn Speed
Partner – Audit and Assurance
Moore Australia Audit (QLD) Pty Ltd
Brisbane, Queensland
Date: 27 August 2026

Moore Australia

Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

SHAREHOLDER INFORMATION

The following information was extracted from Australian Dairy Nutritional Group's Register of Shareholders on 3 August 2026:

TWENTY LARGEST SHAREHOLDERS - ORDINARY SECURITIES

		Securities Held	% of Issued Capital
1	FIRE DRAGON CAPITAL PTY LTD	84,191,793	10.69
2	BNP PARIBAS NOMS PTY LTD	65,692,444	8.34
3	XIN YANG	45,454,545	5.77
4	IJ FUNDS MANAGEMENT PTY LTD	42,503,864	5.40
5	MR XIN DONG	36,078,122	4.58
6	YONGQUAN PTY LTD	32,060,000	4.07
7	MR JIMMY THOMAS & MS IVY RUTH PONNIAH	14,509,723	1.84
8	BARADNIL PTY LIMITED	12,500,000	1.59
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,410,937	1.45
10	NATHCORP HOLDINGS PTY LTD	8,289,484	1.05
11	BNP PARIBAS NOMINEES PTY LTD	8,262,249	1.05
12	MISS ANQI YU	7,946,550	1.01
13	MR LI ZENG	6,875,891	0.87
14	SPECTRE INVESTMENTS VIC PTY LTD	6,784,034	0.86
15	IAN&JON INVESTMENT PTY LTD	6,560,271	0.83
16	MR GUIFENG ZHANG	6,131,072	0.78
17	MS XUPING SONG	6,029,166	0.77
18	VINERS AUSTRALIA PTY LTD	5,684,303	0.72
19	BLOSSOMED PTY LTD	5,181,473	0.66
20	MR PETER JOHN SKENE & MRS LYNNE NICOLE SKENE	5,033,951	0.64
		417,179,872	**52.97**
	Total shares on issue	**787,431,258**	**100.00**

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of shareholders	Shares	%
100,001 and Over	558	739,090,908	20.18
10,001 to 100,000	1,120	43,508,767	40.51
5,001 to 10,000	410	3,420,683	14.83
1,001 to 5,000	462	1,362,623	16.71
1 to 1,000	215	48,277	7.77
	2,765	**787,431,258**	**100.00**

ESCROWED SECURITIES

At the date of this report there are no escrowed securities.

MARKETABLE PARCELS

On 3 August 2026, using the last traded share price of $0.017 per share, there were 1,610 holdings totalling 14,442,330 shares, which were of less than a marketable parcel ($500).

VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder.

SHAREHOLDER INFORMATION, CONTINUED.

SUBSTANTIAL SECURITYHOLDERS

The names of the substantial shareholders listed in the Group's register on 3 August 2026 are:

	Shares Held	Voting Power Advised
FIRE DRAGON CAPITAL PTY LTD	84,191,793	10.69%
ALPHA PROFESSIONAL HOLDINGS LIMITED	48,477,509	6.16%
XIN YANG	45,454,545	5.77%
IJ FUNDS MANAGEMENT PTY LTD	42,503,864	5.40%

UNLISTED OPTIONS/RIGHTS OVER ORDINARY SECURITIES

PERFORMANCE RIGHTS OVER UNISSUED SHARES

At the date of this report, there are 2,000,000 performance rights over unissued ordinary shares of Australian Dairy Nutritionals Limited held by 1 rights holder.

OPTIONS OVER UNISSUED SHARES

At the date of this report, there are 19,240,000 unlisted options to acquire ordinary shares of Australian Dairy Nutritionals Limited held by 2 option holders.

Australian Dairy Nutritionals

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