



Australian Dairy Farmers Corporation Limited

ACN 610 590 200

Prospectus

The issue of Ordinary Shares and Redeemable Preference Shares at an Offer Price of \$1.00 per Share to Eligible Suppliers and Shareholders (**Offers**)

Dated 31 May 2023

IMPORTANT INFORMATION

This is an important document and it should be read in its entirety. If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional advisor for assistance.

THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE

Important Information

This Prospectus is dated 31 May 2023 and it was lodged by Australian Dairy Farmers Corporation Limited ACN 610 590 200 (**Company**) with ASIC on 31 May 2023. No responsibility for the contents of this Prospectus is taken by ASIC or their officers. No securities will be issued, allotted or traded on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Any offer of Shares made by the Company pursuant to this Prospectus will be an invitation to acquire fully paid Shares in the Company.

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. If you have any questions about whether to invest in the Company you should seek professional advice from your accountant or other professional adviser before deciding whether to invest in the Company.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on Shares.

No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or its Directors.

Information in this Prospectus is subject to change from time to time. Any new information required to be disclosed will be provided by way of a supplementary document.

Exposure Period

Pursuant to section 727(3) of the Corporations Act, this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with the ASIC. ASIC may extend the Exposure Period by a further seven days.

Forward-Looking Statements

This Prospectus contains forward looking statements. Such forward looking statements are not guarantees of future performance and involve uncertainties, assumptions and known and unknown risks, including the risks set out in section 5, many of which are beyond the control of the Company and its Directors.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

No cooling off rights

Cooling off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary. Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne time. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. There may be discrepancies between totals and sums of components in tables contained in this Prospectus due to rounding.

Selling Restrictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Privacy

By filling out an Application Form you are providing personal information to the Company. The Company may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and to manage the Company.

If you do not provide the information requested in the application form, the Company may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- any external service provider appointed by the Company to administer the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to access your personal information. You can request access to your personal information by writing to or telephoning Company as follows.

Name: Company Secretary

Telephone: 03 9909 2208

Address: Suite 222A, 757 Bourke Street, Docklands, Victoria 3008

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KEY OFFER DATES

Prospectus date	31 May 2023
Exposure Period ends (unless extended by ASIC)	7 June 2023
Applications Opening Date	8 June 2023
Offers Closing Date	30 June 2024

These dates are indicative only and subject to change. The Company has the right to vary these dates without notice. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens

1 ADFC CHAIRMAN'S LETTER

Dear valued Shareholders and Eligible Suppliers

This Prospectus is issued by Australian Dairy Farmers Corporation Limited ACN 610 590 200 (**Company**).

The Company converted to a public company limited by shares on 5 February 2016. Under the Company's Constitution, to be eligible to supply milk to the Company, every farm business must have at least one member holding one Ordinary Share and at least 4,999 Redeemable Preference Shares.

Accordingly, the Company is required under the Corporations Act to prepare a disclosure document in respect of the issue of Ordinary Shares and Redeemable Preference Shares at an issue price of \$1.00 per Share to new Suppliers from time to time.

The Company may also issue shares to existing Shareholders under the Equity Share Scheme from time to time and such issues may require a disclosure document.

As the Company increases its customers, the Company will continue to investigate value add opportunities for the business.

It is important to note that an investment in Shares is not viewed as one that will provide a capital return, but rather is a requirement to be a member of the Company (in accordance with the terms of the Constitution) and will provide working capital to the Company to assist its operations in delivering a competitive farm gate price for milk to Suppliers and to implement its growth strategies, detailed further in this Prospectus.

On behalf of the Directors, we encourage you to read this Prospectus in full and return your completed Application Forms to the Company Secretary.

Yours sincerely,



Peter Mulheron
Chairman

2 INVESTMENT OVERVIEW

2.1 Overview of the Company and its business model

Question	Answer	Relevant Section
Who is the Company and what does it do?	Australian Dairy Farmers Corporation Limited is an unlisted public company owned and run by dairy farmers to supply milk in bulk to various customers who manufacture dairy products.	3.2
What industry does the Company operate in?	The Company operates in the food and beverage and rural services industries.	3.2
How does the Company generate its income?	Currently, the Company buys milk from its members and sells it to leading export and domestic manufacturers of dairy products.	3.2
What are the key risks for the Company?	Key risks include a reduction in milk supply, change in milk prices, increased competition, product risk and the behaviour of customers. Today the Company has eight main customers, all of which are leading export and domestic customers. Refer to Section 5 for further details.	5
What is the Company's financial position and performance?	<p>The Company has recorded a profit of \$2,576,411 (after tax) for the 6 month period to 31 December 2022 after a reported profit of \$1,115,549 (after tax) for the 6 months to 31 December 2021.</p> <p>Sales Revenue increased to \$131.8m in the 6 month period to 31 December 2022 from \$96.7m in the same period in 2021. The increase is largely down to an increase in milk pricing in the dairy industry in FY23 due to various external factors.</p>	6 & 7

2.2 Overview of the Offers and Shares

Question	Answer	Relevant Section
What are the Offers and who is entitled to participate?	<p>This Prospectus is dated 31 May 2023 and expires on 30 June 2024. During that period, from time to time, the Company may issue invitations to:</p> <ul style="list-style-type: none">• Eligible Suppliers to each subscribe for one Ordinary Share and 5,000 Redeemable Preference Shares under this Prospectus (although the Constitution requires a minimum of 4,999 Redeemable Preference Shares, the Company wishes to deal in round numbers); and• Shareholders to subscribe for additional Redeemable Preference Shares under the Company's Equity Share Scheme, <p>each such invitation being an Offer.</p>	8.1 & 8.2

Question	Answer	Relevant Section
What is the Company's Equity Share Scheme	<p>Under the Constitution, the Board may require each Supplier Shareholder to participate in the Equity Share Scheme, whereby the Board may on an annual basis, at its discretion, determine the amount of Redeemable Preference Shares that are to be issued to the Supplier Shareholders based on the kilograms of milk solids being supplied by a Shareholder to the Company annually.</p> <p>Accumulated milk deductions from milk payments will be used to pay for Redeemable Preference Shares in June each year. The minimum deduction will be \$0.0675 per kilogram of milk solids and the maximum will be \$0.2025 per kilogram of milk solids, subject to the determination of the Board. Consultation with Shareholders will take place each year before the amount of the deduction is set.</p>	8.2
What are the rights attached to the Shares to be issued under the Offers	<p>The Redeemable Preference Shares to be issued under the Initial Offer and Secondary Offers are issued on the following terms:</p> <ul style="list-style-type: none"> • they carry no voting rights; • subject to the Redeemable Preference Shares being fully paid up, they can be redeemed at any time at the Board's discretion for \$1.00 each out of profits or the proceeds of a new issue of shares made for the purpose of redemption; • they do not carry any rights to share in a surplus of assets on a winding up of the Company; and • they carry a preferential right to receive all dividends to be issued by the Company at any time (for the avoidance of doubt, while there are Redeemable Preference Shares on issue, no dividends will be declared in respect of Ordinary Shares on issue). <p>The Ordinary Shares to be issued under Offers have, amongst other rights, the right to vote and attend meetings of shareholders, receive dividends and share in any surplus assets on a winding up of the Company.</p> <p>Where a person ceases to be a Supplier, the Company will procure the Share Trustee to acquire that Supplier's Ordinary Shares for the issue price. In addition, that person's Redeemable Preference Shares will be redeemed by the Company for the amount paid up on those shares. For any Ordinary Shares that the Share Trustee holds, the Trustee will abstain from exercising any of its voting rights under the Constitution.</p>	9.1 & 9.3
What is the Offer Price?	The Offer Price is \$1.00 per Share.	8.1
How will the proceeds of the Offers be used?	Proceeds will be used for general working capital.	8.3

Question	Answer	Relevant Section
Will the Shares be listed?	No Shares issued under the Offers will be quoted on any stock exchange and there is not a ready market for Shares which Shareholders may wish to sell.	
What are the key dates of the Offers?	Prospectus Date – 31 May 2023 Exposure Period ends – 7 June 2023 Applications Opening Date – 8 June 2023 Offers close – 30 June 2024 These dates are indicative only. The Company reserves the right to vary the dates and times of the Offers.	Page 4
What is the Company's dividend policy?	Dividends will be determined at the Board's discretion having regard to investment opportunities. At present, the Company does not anticipate declaring dividends in the near future.	9.8
What are the tax implications of investing in the Company?	The taxation implications of investing in Shares under the Offers will depend on an investor's individual circumstances. Applicants should obtain their own tax advice or financial planning advice prior to investing.	9.10
How do I apply for Shares?	Applications for Shares under the Offers can be made as set out in section 8 of this Prospectus and by completing an Application Form.	8

2.3 Key information of the Board of Directors and significant interests

Question	Answer	Relevant Section
Who are the Company's Directors?	The Directors of the Company are: <ul style="list-style-type: none"> • Peter Mulheron - Non-executive Director and Supplier Director; • Rod Slattery - Non-executive Director and Non-Supplier Director; • Jade Sieben - Non-executive Director and Supplier Director; and • Ben Croatto - Non-executive Director and Supplier Director. 	4.1
Who are the Company's Shareholders?	Through its corporate structure, the Company remains 100% dairy farmer-controlled, which means that the control of the organisation rests solely with the Company's Supplier Ordinary Shareholders, currently numbering 157. Only Suppliers may hold Ordinary Shares. Each Ordinary Shareholder must also hold a minimum of 4,999 Redeemable Preference Shares. No Shareholder may hold more than 10% of the aggregate of all issued Shares.	8.4 & 9.1

Question	Answer	Relevant Section
What significant benefits and interests are payable to Directors/Executives	Directors and management are entitled to remuneration and fees. Details of the remuneration of Directors and key management are set out in section 4.	4

3 INDUSTRY AND COMPANY OVERVIEW

3.1 Overview of the dairy industry

The dairy industry continues to be one of Australia's major rural industries. Australian dairy has an estimated farm gate value of production of \$4.9 billion. Australian dairy ranks fourth in terms of world dairy trade with a 5% market share. Australia currently accounts for less than 2% of the world's estimated milk production.

Approximately 4,420 dairy farmers produce around 8.6 billion litres of milk. The Australian dairy industry directly employs approximately 34,700 Australians on farms and in factories.

Dairy is also one of Australia's leading rural industries in terms of adding value through downstream processing. Much of this processing occurs close to farming areas, thereby generating economic activity in country regions.

Dairying is a well-established industry across temperate and some subtropical areas of Australia. While the bulk of milk production occurs in the southern states of Australia, all states have dairy industries that supply fresh drinking milk to nearby cities and towns.

Dairying continues to be an important rural industry of Australia. On-farm productivity continues to increase through improved pasture, feed and herd management techniques.

While supplementary feeding with grains is relatively common, the Australian dairy industry is still predominantly pasture-based. All States have viable milk productions, supplying fresh milk to nearby cities and towns.

The Australian dairy industry is deregulated, with open and international markets and together with commodity prices are major factors in determining the milk price received by farmers.

3.2 Overview of Company

The Company is an independent organisation, owned and run by Australian dairy farmers. Our farmers supply quality milk from their dairy farms to our partner companies. Those companies then make premium dairy products that are sold in Australia and overseas.

The organisation was established in 2012 with a firm vision: to look after its dairy farmers and make sure they receive a fair price for their milk. The Company works with its farmers to give them every opportunity to be profitable so they can grow their dairy businesses with confidence. To achieve this, the Company partners with companies that understand the needs of its farmers.

The Company converted from a co-operative structure to a public company limited by shares on 5 February 2016.

During FY 2018, ADFC Nominees Pty Ltd ACN 622 102 854 (**Share Trustee**), a subsidiary of the Company, was incorporated. The sole purpose of the Share Trustee is to act as trustee of a trust established to hold Ordinary Shares of departing Suppliers on trust for the remaining Shareholders. These Shares previously converted into a Dry Class Share, which had no voting rights attached. For administrative ease, the Company changed its capital structure to remove Dry Class Shares from the date of the lodgement with ASIC of the 2018 Prospectus (18th December 2018). All Dry Class Shares on issue at that date have been converted into Ordinary Shares. Under the Constitution, the Share Trustee must abstain from voting in respect of any Shares that it holds.

The Company currently supplies approximately 294 million litres of milk to its eight key and a number of minor customers per annum. Our farmers are at the core of all we do. We operate with honesty,

transparency and fairness. We believe the key to a thriving Australian dairy industry lies with farmers running profitable businesses so they can invest back into their farms.

The Company works with its Shareholders and customers to deliver a mutually beneficial policy framework to cover the supply of milk. A copy of the current policy is available on the Company's website (<https://adfc.com.au/milk-supply/>).

3.2.1 Some of the benefits for farmers who supply milk to the Company

- (a) Security of milk pricing
- (b) No stop/volume/logistic charge
- (c) Premium up-front price for milk
- (d) All farm suppliers paid the same amount, no special deals are entered into
- (e) A transparent and low overhead cost model where the focus is on returning more to the farm gate price

3.2.2 Some of the benefits for companies who partner with the Company for supply of milk

- (a) Support Australian farmers
- (b) Access to quality milk
- (c) A true partnership working closely together to understand each other's business
- (d) A unique and transparent cost-plus model for milk pricing

3.3 Company Strategy

The Company fully understands that to be able to protect the interests of its Shareholders going forward it needs to be involved in the dairy industry more and work closely with its customers. The Company expects to continue to supply its eight major customers and bring on new customers from time to time.

Key to the Company's strategy is its values which are defined by the four **C's**: collaborative, co-operative, choice and cost-effective. All the Company's actions, decisions and investments are guided by these core values.

Collaborative

The Company works with its farmers and partners – it will not compete with its customers. Instead, it will co-invest to maximise the efficiency of the supply chain. Its focus is on profitability and fairness for its farmers and for its customers.

Co-operative

The Company is based on co-operative principles. Its farmers are shareholders and thus have a stake in the business: they share in the business risks, but they also share in the successes. The Company concentrates on maximising returns for its farmers for both the short and long term.

Choice

The Company's unique milk pricing structure allows its farmers to choose the milk production pattern that is best suited for their farm and their family.

Cost-effective

The Company supports a farmer-focused, low-cost model, which it believes is best suited to the dairy industry in Australia.

4 KEY PEOPLE, INTERESTS AND BENEFITS

4.1 Board of directors

The Board currently consists of four directors. Three directors are Suppliers of milk to the Company. The Company's Constitution has a requirement of at least two Supplier directors and one non-supplier director.

Peter Mulheron - Non-Executive Director, Chairman and Supplier Director

Peter joined the ADFC Board in April 2017. Peter is a fourth-generation farmer and has grown up on a dairy farm which includes the original 34 hectare block purchased by his great grandfather in 1907. He took over the current operation in 1996 with his wife Trish, and now along with his son James milk around 240 cows on their 158 hectare dry land farm at Swan Marsh in South West Victoria. Peter has extensive experience in board governance, having served on numerous boards and committees over the years. Peter is also a member of the Australian Institute of Directors (GAICD). He is keen to have some input into creating a dairy cooperative that will enable them to have a sustainable future for themselves and other Suppliers.

Rod Slattery - Non-Executive Director and Non-Supplier Director

Rod joined the ADFC Board in June 2017 as a Non-Supplier Director. Rod is a Chartered Accountant and has over 30 years of experience working in a professional environment, with PPB Advisory (17 years) and PwC (18 years). Rod is a member of the Australian Institute of Directors (GAICD). He has provided strategic advice to all levels of agribusiness, in consultation with financiers and advisors to achieve the best outcomes for all stakeholders. Rod is based in regional Victoria (small farm on the Bellarine Peninsula) and is sensitive to the economic and personal impact unique to dairy families and local communities.

Jade Sieben - Non-Executive Director and Supplier Director

Jade joined the ADFC Board in November 2021 as the representative of the Northern Supply Region. Jade has been a dairy farmer for approximately 20 years and has supplied ADFC since the start of the company. Jade has an Associate Diploma of Applied Science Animal Production from the University of Queensland Grattan College. She has also been on the Holstein National Judging panel for 25 years and regularly is invited to judge at various shows around the country. Jade has also been the past president of the North West Sub-branch and had been the secretary for the past 7 years.

Ben Croatto - Non-Executive Director and Supplier Director

Ben joined the ADFC board in November 2022 as a representative of the Gippsland / Eastern Supply Region. He has been a dairy farmer since 2005 and has built the farm up since then, currently milking 270 cows. Prior to that Ben worked in various roles in different companies within the industry including as a field services officer and a regional manager. He has a Bachelor's degree and Diploma in Agricultural Sciences from Melbourne University, focusing on international trade, plant & animal biology and chemistry and thermophilic bacteria in milk. Ben is also active in discussion groups and has participated in focus farms.

4.2 Key Management

Andrew Sutton – General Manager

Andrew was raised on a dairy farm in Northern Victoria and joined ADFC in August 2021 after 25 years with Parmalat/Lactalis. During his time with Lactalis, Andrew was responsible for the planning and logistics of Lactalis' 1.2B litre national milk pool. Andrew was also responsible for all purchases and sales of milk and dairy ingredients. This enabled Andrew to build a strong network within the Australian dairy industry.

Ron Page – Operations Manager and Company Secretary

Ron helped germinate ADFC into the unique company that it is today. Ron has been intimately involved in the development, growth and viability of ADFC. Ron qualified from the Australian Institute of Company Directors and has held numerous board positions over many years for State Government and non-Government businesses in a range of industries. Ron's commitment to Primary Industry is supported by a range of qualifications from Sydney and Melbourne universities. Intimately involved with dairy farmers nationally for the last 2 decades, Ron is well supported to back good governance within ADFC.

Paul Casey – Financial Controller and Company Secretary

Paul Joined ADFC in June 2018 and is a Fellow of the Chartered Institute of Certified Accountants (FCCA) and a Member of CPA Australia (CPA). For the past 28 years Paul has worked in senior finance positions in London, Melbourne and Abu Dhabi. This experience includes a variety of industries such as dairy, construction, manufacturing, advertising, Not for Profit and Government sectors.

Wendy Brown – Farm Liaison Officer

Wendy Joined ADFC in June 2022. She has worked in the industry for many years and has been involved with many industry projects and changes placed on suppliers and companies to comply in an ever-changing commercial world. Her focus is to ensure quality and compliance throughout the dairy process from the farm, transport through to manufacturing.

4.3 Interests of Directors

The table below sets out details of direct and indirect interests of Directors in the securities of the Company at the date of this Prospectus.

Figure 1: Directors' shareholdings

Director	No. of Shares held
Peter Mulheron	1 Ordinary Share, 5,000 Redeemable Preference Shares
Rod Slattery	Nil
Jade Sieben	1 Ordinary Share, 5,000 Redeemable Preference Shares
Ben Croatto	1 Ordinary Share, 5,000 Redeemable Preference Shares

4.4 Directors' remuneration

The table below details the remuneration that is payable to each Director.

Figure 2: Directors' remuneration

Director	Remuneration (per annum)
Peter Mulheron	\$80,000
Rod Slattery	\$40,000
Jade Sieben	\$40,000
Ben Croatto	\$40,000
The above amounts do include statutory superannuation.	

4.5 Interests of Directors

Other than as set out in section 4.3 of this Prospectus, no Director holds at the date of this Prospectus or held at any time during the two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation and promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or connection with the Offers; or
- (c) the Offers.

Except as disclosed in section 4.3 of this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Directors:

- (a) to induce them to become, or to qualify them as, a Director; or
- (b) for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offers.

4.6 Related Party Transactions

Peter Mulheron, Jade Sieben and Ben Croatto supply milk to the Company on an annual basis. This supply is on the same terms and conditions as other Supplier Shareholders.

4.7 Director's Deed of Indemnity and Right of Access to Documents

The Company has entered into an Officer's Deed of Indemnity, Insurance and Access (**Deed**) with each Director of the Company.

Under the Deed, the Company must indemnify its Directors against all losses and liabilities on a full indemnity basis and to the full extent permitted by law. This indemnity remains effective until released by the Director or for a period of seven years from the date the Director ceases to hold office as an officer of the Company.

Under the provisions of the Deed, the Company must allow its Directors access to Board papers, documents, materials and other information concerning the affairs of the Company while that Director

holds an office of the Company and for a period of seven years after the Director ceases to hold office or the date on which proceedings are resolved if such proceedings were commenced within seven years after the Director ceased to hold office (**Access Period**).

Under the Deed, the Company must maintain a policy of insurance provided and maintained by the Company insuring the Directors against liability as a Director of the Company until the end of the Access Period.

5 RISK FACTORS

An investment in the Company is a speculative investment because of the nature of its business with no guarantee of success. An investment in the Company may not be suitable for all recipients of this Prospectus.

As the majority of Shares to be issued are redeemable for their initial subscription amount (i.e., \$1.00), an investment in the Company should not be regarded as an investment that will achieve capital growth. Rather the investment will assist the Company's operations and strategy with Shareholders ultimately receiving benefit from the greatest possible milk price the Company can obtain from its end customers.

Investors should recognise that there are a number of general and specific risks that the Company faces, which may materially and adversely impact on the future operating and financial performance of the Company and the value of the Shares. As many of these risks are outside the control of the Company and/or its Directors, there can be no guarantee that the Company can achieve its objectives.

Prospective investors should read this Prospectus in its entirety and carefully consider the risk factors impacting on the Company as well as their own investment objectives and their financial position prior to making their investment decision in respect of whether or not to subscribe for Shares. If prospective investors are uncertain of matters detailed in this Prospectus and/or their financial circumstances in respect of investing in the Company, they should take appropriate advice from their stockbrokers, solicitors, accountants or other professional advisers as appropriate.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.1 Company Specific Risks

Reduction in milk supply

All milk supply arrangements with the Suppliers are subject to formal written contracts that can be terminated by the Supplier from 1 July 2023 giving the company a 30-day notice period. Under these formal contracts, the Company also has the right to terminate the supplier contracts, giving a 30-day notice period. Therefore, many Suppliers can choose to cease supplying to the Company at any time, subject to the notice period, including because of changes in the milk price (see below). This could lead to a reduction in the amount of milk available for processing by the Company's customers.

If there was a significant reduction in milk supply available for processing for any reason, including because of Suppliers choosing to cease supplying to the Company, adverse weather conditions, a reduction in the number of dairy farmers or increased competition, then this would adversely impact on the Company's revenue, profitability and growth.

Changes in milk prices

The Company's major expenditure each year is the payment made to Suppliers for milk. Milk prices are affected by supply and demand factors, domestically and internationally. Further, aggressive behaviour by competitors may cause an increase in milk prices, including to a level that the Company is unable to match which could cause a reduction in milk supply to the Company (see above). A decrease in commodity prices, whether as a result of the actions of competitors or more general economic or supply and demand factors in Australia or internationally, may result in the Company having to reduce its opening milk price with a consequent potential for a reduction in milk supply (see above).

Behaviour of customers	<p>A significant change in demand for, or the prices paid for, the Company's product from the Company's key customers, including because of a change in demand from the end purchasers of the Company's products or because of the actions of competitors, may affect the Company's sales and have a material and adverse effect on the Company's revenue, profitability and growth. Today the Company has eight major customers and a number of minor ones. The Company does not have formal supply contracts with the majority of its current customers. The customers have agreed pricing and volumes for the FY23 financial year. The Company has been supplying all customers since 1 July 2022 on the basis of those terms.</p>
Increased competition	<p>The Company is subject to competition for the supply of milk. While the Company continues to have a reasonable expectation of the continued growth in markets and demand for its product, the Company remains cognisant of considerable existing competition and the potential for increased competition from existing and new competitors. This may reduce the volume and/or price of product that the Company is able to sell which may have a material and adverse effect on the Company's revenue and profitability and, in particular, its growth.</p>
Product risk	<p>Milk is a very perishable product and any inefficiency in its handling and processing can critically affect the quality of the end product and thus the price for which it can be sold. Further, there is a risk of product contamination by a range of agents or pathogens such as salmonella, e coli and listeria at all stages of the milk collection and production process.</p> <p>An incident of product contamination or the perception that such an incident has occurred may result in considerable reputational damage to the Company from the perspective of its Suppliers, customers, the general public and regulators, as well as materially and adversely affecting the Company's revenue, profitability and growth, including through the loss of contracts for the supply of products, and may also result in significant compensation payments and the payment of significant penalties.</p>
Litigation or claims	<p>The Company may be subject to litigation and other claims or disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims and product liability claims. Claims may also be made by government agencies or regulators. Such litigation, claims and disputes, including the costs of settling claims, may materially and adversely affect the Company's operational and financial performance and reputation. Further details are set out in section 9.11.</p>
Dividends	<p>There is no automatic or fixed dividend rate entitlement for Shares, and the Board is not obliged to declare dividends in any financial year.</p> <p>The funds which will be available for payment of dividends are subject always to available proceeds, which are determined after maximising milk payments to Suppliers, meeting all operating costs and expenses and retaining sufficient funds necessary for ongoing working capital. Each year the Board will determine if any dividends are payable on Shares and, if so, how much.</p>

Non-marketability of Ordinary Shares	<p>As the Company is not listed on any stock exchange, there is not a ready market for any Shares which Shareholders may wish to sell.</p> <p>The Board has the right to refuse registration of any transfer of Ordinary Shares. The Board will exercise this discretion where the Constitution will be breached if the transfer occurred, or where its co-operative principles or co-operative status for income tax purposes are put at risk. Ordinary Shares (which are required to be held by Suppliers) may not be transferred to non-Suppliers.</p>
Transfer and Redemption of Shares	<p>If an Ordinary Shareholder ceases to be a Supplier, the Board has the right to transfer all of that Ordinary Shareholder's Ordinary Shares to the Share Trustee for consideration of the issue price of those shares. In addition, upon a person ceasing to be a Supplier, that person's Redeemable Preference Shares will be redeemed by the Company for the amount paid up on those shares. Further details are set out in section 9.2.9.</p>

5.2 Industry specific risks

Disease	<p>Australia is recognised internationally as being free of cattle diseases such as bovine tuberculosis, brucellosis and bovine spongiform encephalopathy. Further, Australia is officially recognised as free from both foot and mouth disease and 'mad cow disease'. Should an outbreak of any of these diseases occur in Australia, then the Company's business may be adversely affected due to dairy herd quarantine restrictions and depleted dairy herd numbers, with a consequential reduction in available milk supply. Some dairy products manufactured from infected herds also may be subject to recall. The impact of such a disease outbreak may materially and adversely affect the Company's revenue, profitability and growth.</p>
Climatic conditions	<p>The quantity and quality of the Company's products may be adversely affected by climatic conditions. Any adverse change to climatic conditions in the short or long term may impact on the sustainability of Australia's milk supply. This may have a material adverse effect on the Company's revenue and profitability.</p>
Systems and infrastructure	<p>The Company is dependent on the ongoing, efficient operations of its systems and infrastructure. Risks that may threaten the Company's operations include natural disasters, failure of critical machinery, power, gas, water supply and computer equipment and industrial action.</p>

5.3 General risks

Government regulations	<p>The Company is subject to the laws of the relevant jurisdiction in which it operates. Those laws may:</p> <ul style="list-style-type: none"> • be made or changed at any time; and • materially affect the commercial feasibility and later profitability of the project. <p>The application of the laws can result in:</p> <ul style="list-style-type: none"> • increased costs; and/ or • forfeiture of property in circumstances that may not give rise to rights for compensation.
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Taxes	<p>The Company is subject to relevant government financial imposts. The nature and amount of the imposts are determined by government. They may be:</p> <ul style="list-style-type: none"> • imposed or changed at any time; or • materially affect the commercial feasibility and later profitability of the project.
Limited operating history	<p>The Company has operated as a co-operative since 2012 and has been incorporated since 5 February 2016. It has had a limited operating history. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development which have a high level of inherent uncertainty.</p> <p>The Company's ability to achieve its objectives depends in part on the ability of its Directors and officers to implement current plans and respond to any unforeseen circumstances that require changes to those plans.</p>
Economic	<p>The performance of the Company is affected by general economic and business conditions. A downturn in either of the national or global economies may result in a decrease in customer demand.</p>
Reliance on Key Personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these key personnel cease their involvement with the Company.</p>

6 FINANCIAL INFORMATION

6.1 Introduction

The financial information included in this Prospectus are as follows:

- Reviewed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 6-month period ended 31 December 2022;
- Reviewed Consolidated Statement of Cash Flows for the 6-month period ended 31 December 2022; and
- Reviewed Consolidated Statement of Financial Position as at 31 December 2022.

6.2 Financial Overview

These consolidated financial statements are general purpose interim financial statements that have been prepared in accordance with the Corporations Act and AASB 134 Interim Financial Reporting.

The Company is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements for the 6-month period ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 23 March 2023. These consolidated financial statements have been prepared on an accrual basis and are based on historical cost.

Sales revenue of \$131.8m arises from contracted core administration of milk services to the Company's customers.

The Company has recorded a post-tax consolidated profit of \$2.6m for the 6-month period ended 31 December 2022 (after tax).

During FY 2018, the Company established the Share Trustee to act as trustee of the Share Trust. Further information in respect of this entity is set out in Section 3.2.

6.3 Financial Statements

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the 6 months ended 31 December 2022	6 Months to 31 Dec 2022	6 Months to 31 Dec 2021
	\$	\$
Sales revenue	131,829,911	96,664,381
Other income	19,759	5,750
Total revenues	131,849,669	96,670,131
Cost of materials	(127,093,839)	(94,175,706)
General expenses	(497,128)	(351,173)
Finance expenses	(29,271)	(28,475)
Employee benefits expenses	(516,495)	(500,739)
Motor vehicle expenses	(16,590)	(9,330)
Depreciation and amortisation expenses	(15,759)	(11,067)
Total expenses	(128,169,082)	(95,076,490)
Profit/(loss) from continuing operations before income tax	3,680,587	1,593,641
Income tax benefit/(expense)	(1,104,176)	(478,092)
Profit/(loss) from continuing operations after income tax	2,576,411	1,115,549
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period attributable to members of the Group	2,576,411	1,115,549

The above interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Cash Flows

For the 6 months ended 31 December 2022

	6 Months to 31 Dec 2022	6 Months to 31 Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	122,511,139	93,730,478
Payments to suppliers and employees	(121,504,358)	(92,137,005)
Interest received/(paid)	19,759	5,750
Income tax received/(paid)	(27,850)	(186,871)
Net cash used in operating activities	<u>998,690</u>	<u>1,412,352</u>
Cash flows from investing activities		
Purchase of plant & equipment	(39,047)	(39,547)
Purchase of intangible assets	(20,691)	-
Net cash used in investing activities	<u>(59,738)</u>	<u>(39,547)</u>
Cash flows from financing activities		
Receipts from issue of redeemable preference shares	180,000	125,000
Payments from redemption of redeemable preference shares	(75,000)	(100,000)
Payments for share issue costs	(444)	-
Net cash from/(used in) financing activities	<u>104,556</u>	<u>25,000</u>
Net increase/(decrease) in cash and cash equivalents		
Net increase/(decrease) in cash and cash equivalents for the period	1,043,508	1,397,805
Cash and cash equivalents at the beginning of the financial period	5,174,702	1,936,685
Cash and cash equivalents at 31 December 2022	<u><u>6,218,210</u></u>	<u><u>3,344,490</u></u>

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Financial Position

As at 31 December 2022	Notes	31 Dec 2022	30 Jun 2022
		\$	\$
Current assets			
Cash and cash equivalents		6,218,210	5,174,702
Trade and other receivables		23,393,118	13,975,096
Income Tax receivable		-	53,688
Other assets		181,375	281,274
Total current assets		29,792,703	19,484,760
Non-current assets			
Intangible assets		19,206	11,561
Plant and equipment		106,277	69,298
Deferred tax asset		41,489	41,489
Total non-current assets		166,972	122,348
Total assets		29,959,675	19,607,108
Current liabilities			
Trade and other payables		23,477,319	16,822,692
Provisions		87,707	93,372
Income tax payable		1,022,638	-
Total current liabilities		24,587,664	16,916,064
Total liabilities		24,587,664	16,916,064
Net assets		5,372,011	2,691,044
Equity			
Share capital		609,209	504,653
Retained earnings		4,762,802	2,186,391
Total equity		5,372,011	2,691,044

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Changes in Equity

For the 6 months ended 31 December 2022

	Note	Share capital	Retained earnings	Total
		\$	\$	\$
Balance at 30 June 2021		541,141	1,931,289	2,472,430
Profit for the period to 31 December 2021		-	1,115,549	1,115,549
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		-	1,115,549	1,115,549
Issue of redeemable preference shares		125,000	-	125,000
Redemption of redeemable preference shares		(100,000)	-	(100,000)
Share issue costs (net of tax benefit)		-	-	-
Balance at 31 December 2021		566,141	3,046,838	3,612,979
Balance at 30 June 2022		504,653	2,186,391	2,691,044
Profit for the period to 31 December 2022		-	2,576,411	2,576,411
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		-	4,762,802	4,762,802
Issue of redeemable preference shares		180,000	-	125,000
Redemption of redeemable preference shares		(75,000)	-	(75,000)
Share issue costs (net of tax benefit)		(444)	-	(444)
Balance at 31 December 2022		609,209	4,762,802	5,372,011

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report is for Australian Dairy Farmers Corporation Ltd (formerly Australian Dairy Farmers Co-operative Limited) ('ADFC' or the 'Company'), an unlisted public company incorporated and domiciled in Australia and is the group's ultimate parent.

(a) General information and basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2022. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2022, unless otherwise stated. Accordingly, the accounting policies included in the Group's last annual financial statements for the year ended 30 June 2022 are the relevant policies for the purposes of comparatives.

The consolidated financial statements for the period ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 23 March 2023.

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern basis of accounting

The Group expects to continue operating as an ongoing entity and will enter into new supply agreements with existing and new customers as and when appropriate.

At the date of the report agreement of pricing for the FY 23 financial year has been reached with all customers.

(c) Significant management judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of deferred tax assets / liabilities

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

7 INVESTIGATING ACCOUNTANT'S REPORT



Board of Directors
Australian Dairy Farmers Corporation Limited
Suite 222A, 757 Bourke Street
DOCKLANDS VIC 3008

Grant Thornton Corporate
Finance Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4738
Melbourne VIC 3001
T +61 3 8320 2222

24 May 2023

Dear Sirs,

Independent Limited Assurance Report on the Historical Financial Information and Financial Services Guide

Introduction

We have been engaged by Australian Dairy Farmers Corporation Limited ("ADFC" or the "Company") to report on the Historical Financial Information of the Company for inclusion in a Prospectus (the "Prospectus") to be dated on or about 31 May 2023, and to be issued by ADFC in respect to the offer of shares in the Company ("Offer").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

Scope

Grant Thornton Corporate Finance has been requested to prepare this report on the following financial information:

Historical Financial Information

The Historical Financial Information of ADFC, as set out in the Prospectus comprises:

- The historical interim consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022 of ADFC;
- The historical interim consolidated statement of cash flows for the half-year ended 31 December 2022 of ADFC;
- The historical interim consolidated statement of financial position as at 31 December 2022 of ADFC;
- The historical interim consolidated statement of changes in equity as at 31 December 2022 of ADFC;
- The historical notes to the interim consolidated financial statements as at 31 December 2022 of ADFC;

(collectively the "Historical Interim Consolidated Financial Information")

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ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987 (holder of Australian Financial Services Licence No. 247140), a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

The Historical Interim Consolidated Financial Information of ADFC for the half-year ended 31 December 2022 has been extracted from the interim consolidated financial statements for that period which was reviewed by Grant Thornton Audit Pty Ltd who issued an unqualified review conclusion.

The stated basis of preparation is the recognition and measurements principles contained in the Australian equivalents to Financial Reporting Standards ("AIFRS") and ADFC's adopted accounting principles applied to the Historical Consolidated Financial Information.

The Historical Interim Consolidated Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaims any assumption of responsibility for any reliance on this report or on the Consolidated Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

Directors Responsibility

The Directors of ADFC are responsible for the preparation and presentation of the Historical Interim Consolidated Financial Information. The Directors are also responsible for the basis of preparation of the Historical Interim Consolidated Financial Information set out in Section 6.3 of the "Financial Information" section.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Interim Consolidated Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Interim Consolidated Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: "Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Financial Information". Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Interim Consolidated Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Interim Consolidated Financial Information.

Our engagement did not involve updating or reissuing any previously issued audit or review reports on any Historical Interim Consolidated Financial Information used as a source of the Historical Interim Consolidated Financial Information.

Conclusion

Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Interim Consolidated Financial Information of ADFC as described in the "Financial Information" section of the Prospectus does not present fairly:

- The historical interim consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022 of ADFC;
- The historical interim consolidated statement of cash flows for the half-year ended 31 December 2022 of ADFC; and
- The historical interim consolidated statement of financial position as at 31 December 2022 of ADFC;

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- The historical interim consolidated statement of changes in equity as at 31 December 2022 of ADFC;
 - The historical notes to the interim consolidated financial statements as at 31 December 2022 of ADFC;
- in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under the AIFRS.

Restriction on Use

Without modifying our conclusion, we draw attention to Section 6 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Independence and Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to this report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in this report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



Peter Thomely
Partner – Corporate Finance

Financial Services Guide

This Financial Services Guide is dated 31 May 2023.

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) (Grant Thornton Corporate Finance) has been engaged by Australian Dairy Farmers Corporation Limited ("ADFC") or (the "Company") to provide a report in the form of an Independent Accountant's Report for inclusion in a Prospectus dated on or about 31 May 2023 (the Prospectus) You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$9,500 plus GST, which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd.

None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

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6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of the Company in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with [short name] (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Offer. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678 (free call)
Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000

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Grant Thornton Corporate Finance Pty Ltd

8 DETAILS OF THE OFFERS

8.1 The Offers

The Company will allow for the issue of Shares to new Suppliers and existing Shareholders.

This Prospectus is dated 31 May 2023 and expires on 30 June 2024. During that period, from time to time, the Company may issue invitations to:

- (a) Eligible Suppliers to subscribe for one Ordinary Shares and 5,000 Redeemable Preference Shares each; and
- (b) current Supplier Shareholders to obtain new Redeemable Preference Shares through the Equity Share Scheme described in section 8.2 below,

each such invitation being an Offer under this Prospectus.

An Eligible Supplier is a person who has a registered address in Australia and who is:

- (a) a company, partnership or individual who is (or is in the process of becoming) a current and active supplier of milk products to the Company or its associated entities;
- (b) a sharefarmer in respect of the farm which is (or is in the process of becoming) a current and active supplier of milk products to the Company or its associated entities; or
- (c) an individual and is an equity holder in a company, co-operative or partnership which is deemed to be a current and active supplier of milk products to the Company or its associated entities.

The offer price of each Ordinary Share and Redeemable Preference Share will be \$1.00. The rights attaching to the Shares are set out in sections 9.2 and 9.3 of this Prospectus.

At this time, the Company has no limit on the number of Eligible Suppliers it may invite to become Shareholders under the Offers. An estimate on the number of Redeemable Preference Shares that may be issued under the Equity Share Scheme under the Offers is set out in section 8.2. The Offers will not have any effect on the control of the Company.

8.2 Equity Share Scheme

Under the Constitution, the Board may require each Supplier Shareholder to participate in the Equity Share Scheme, whereby the Board may on an annual basis, at its discretion, determine the amount of Redeemable Preference Shares that are to be issued to the Supplier Shareholders based on the kilograms of milk solids being supplied by a Shareholder to the Company annually.

Supplier Shareholders are required to participate in the Equity Share Scheme by directing part of the proceeds from the sale of their milk to the Company towards paying for sufficient Redeemable Preference Shares to achieve the required Shareholding. Accumulated milk deductions from milk payments will be used to pay for Redeemable Preference Shares in June each year.

The minimum deduction will be \$0.0675 per kilogram of milk solids and the maximum will be \$0.2025 per kilogram of milk solids, subject to the discretion of the Board. Consultation with Shareholders will take place each year before the amount of the deduction is set.

As a guide, based on total kilograms of milk solids received and on-sold by the Company in FY 2022, being approximately 21.7 million kilograms, the minimum number of Redeemable Preference Shares that may be issued under the Equity Share Scheme would be approximately 1,465,603 to a maximum of approximately 4,396,810. It is noted that this is a guide only and the actual number of Redeemable Preference Shares that may be issued under the Equity Share Scheme is subject to change.

8.3 Purpose of the Offers and Use of Funds

The proceeds of the Offers will be used for working capital.

8.4 Capital Structure

The capital structure of the Company at the date of this Prospectus is set out below:

Figure 3: Company's Capital Structure

	Ordinary Shares held by Suppliers	Ordinary Shares held in Share Trust*	Redeemable Preference Shares
Shares on issue	157	15	785,000

* These were formerly Dry Class Shares in the Company held by former Suppliers. On the lodgement of the 2018 Prospectus, the Constitution was amended to remove Dry Class Shares from existence and all Dry Class Shares were converted to Ordinary Shares. Each of these former Dry Class Shares was transferred into the Share Trust. The Share Trustee has and will continue to transfer those Shares to new Suppliers from time to time. Under the terms of the Constitution, the Share Trustee will abstain from voting in respect of Shares that it holds.

8.5 How to apply

Eligible Suppliers and existing Shareholders can participate in the Offers.

If the Company invites you to apply for Shares under the Offers, the Company will provide you with a copy of this Prospectus, an Application Form and a Transfer Form. If you choose to participate in the relevant Offer, you must complete and return the Application Form and Transfer Form to the Company. Your Application Form must either:

- (a) be accompanied by a cheque for the full amount of your Application Monies; or
- (b) be marked to authorise the Company to off-set the Application Monies against amounts the Company is due to pay you for the supply of milk products.

Cheques are to be drawn in Australian dollars and made payable to "Australian Dairy Farmers Corporation Limited" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn.

If you select to off-set the Application Monies against amounts due for milk supply, the Company will deduct such amount as an immediate lump sum or deduct it over a period of time and provide you with confirmation that this has occurred at the time your Shares are issued.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, the Company may still accept the Application. The Company's decision as to whether to accept the Application or how to construe, amend or complete it shall be final, but no Applicant will be treated as having offered to purchase more Shares than indicated by the amount of the cheque for the Application Monies.

Eligible Suppliers applying for Shares will also be required to apply for Redeemable Preference Shares that may be issued by the Company under the Equity Share Scheme during the period of the Prospectus. Please refer to section 8.2 for further information on the Equity Share Scheme and the number of Redeemable Preference Shares that may be issued to Shareholders for the supply of milk products, in lieu of payment. As noted, the Board will consult with Shareholders before such deduction is determined under the Equity Share Scheme. The Company will notify all Shareholders of such deduction at the time as of issuing further share certificates for Redeemable Preference Shares that may be issued under the Equity Share Scheme.

Completed Application Forms, Transfer Forms and accompanying cheques must be mailed or delivered to:

Post or Hand Delivery

Australian Dairy Farmers Corporation Limited
Suite 222A
757 Bourke Street
Docklands, Victoria 3008

Application Forms for the Offers must be received prior to 5.00pm Melbourne time on the Closing Date.

No brokerage or stamp duty is payable by Applicants under the Offers.

8.6 Allotment under the Offers

The Company will proceed to allocate Shares as soon as possible after receipt of a valid Application Form and Application Monies (or deduction of Application Monies, if applicable).

The Company reserves the right to allocate or to decline any Application. Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Closing Date. No interest will be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation being made.

8.7 Investor enquiries

Any queries in relation to the Application for Shares should be directed to:

Company Secretary
Australian Dairy Farmers Corporation Limited
Suite 222A
757 Bourke Street
Docklands, Victoria 3008
Phone 03 9909 2208

If Applicants have investment advice queries, they should consult their own professional adviser(s).

9 ADDITIONAL INFORMATION

9.1 Shares in the Company

As at the date of issue and allotment of Shares under the Offers made pursuant to this Prospectus, there will be two classes of shares on issue in the Company being:

- (a) Ordinary Shares (voting Shares); and
- (b) Redeemable Preference Shares (non-voting Shares).

9.2 Rights attaching to Ordinary Shares

The rights attaching to the Ordinary Shares are:

- (a) set out in the Constitution of the Company; and
- (b) in certain circumstances, regulated by the Corporations Act and the general law.

The Constitution is available on the Company's website (<https://adfc.com.au/about-adfc/>).

Set out below is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights, privileges and restrictions attaching to the Ordinary Shares of the Shareholders.

9.2.1 Voting rights

Ordinary voting shares must only be held by Suppliers.

Subject to any special rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders, each Ordinary Shareholder entitled to vote may vote in person or proxy, attorney or representative unless a poll is demanded by:

- the Chairman;
- not less than five Shareholders having the right to vote at the meeting; or
- a Shareholder or Shareholders present who are together entitled to not less than 5% of the total voting rights of all the Shareholders having the right to vote on the resolution at the meeting.

Every Ordinary Shareholder present in person or by proxy, attorney or representative will have one vote on a show of hands. On a poll every person present who is an Ordinary Shareholder or a proxy, attorney or representative of an Ordinary Shareholder will have one vote regardless of how many shares they hold. The Share Trustee agrees to abstain from voting in respect of any Shares that it holds.

9.2.2 Dividend rights

Subject to the rights of persons (if any) holding of shares issued with special rights to a dividend, the Directors may declare a final dividend out of the profits of the Company in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such dividend. All dividends are to be apportioned and paid proportionately to the amounts paid or

credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend.

9.2.3 Winding up

If the Company is wound up, the liquidator may divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

9.2.4 Transfer of Shares

A Shareholder may transfer Shares by a proper market transfer in accordance with an instrument in writing in a form approved by the Directors. The Directors may decline to register a transfer of Shares, other than a proper market transfer.

9.2.5 New Share issue

Subject to the Constitution, the Corporations Act and any other laws, the Directors may issue, allot or otherwise dispose of Shares to such person at such times at such price and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return or capital or otherwise and whether as preference shares as the Board from time to time determines.

9.2.6 General Meetings

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company or the Corporations Act. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

9.2.7 Quorum for Meetings

The quorum for a general meeting will be ten Shareholders present plus:

- if the Ordinary Shareholders of the Company exceeds 50 but does not exceed 200, one additional Ordinary Shareholder for each ten Ordinary Shareholders after the first 50; and
- if the Ordinary Shareholders of the Company exceeds 200, the additional Ordinary Shareholders referred to above and one additional Ordinary Shareholder for each 50 Ordinary Shareholders after the first 200 Ordinary Shareholders.

9.2.8 Alteration to the Constitution

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present and voting at a general meeting.

9.2.9 **Transmission on ceasing to be a Supplier**

Where a person ceases to be a Supplier, the Company will procure the Share Trustee to acquire that Supplier's Ordinary Share for the issue price. In addition, upon a person ceasing to be a Supplier, that person's Redeemable Preference Shares will be redeemed by the Company for the amount paid up on those shares. If a person recommences being a Supplier, then they will need to reinvest to ensure that they comply with the minimum shareholding requirements. Under the Constitution, the Share Trustee will abstain from exercising any of its voting rights in respect of any Ordinary Shares that it holds.

9.2.10 **Minimum share holding**

Subject to the discretion of the Board, members will be required to hold a minimum of 5,000 Shares of \$1.00 each, made up of one Ordinary Share and at least 4,999 Redeemable Preference Shares. Members will have six months to obtain the minimum shareholding. Under the Offer, Ordinary Shareholders will be asked to subscribe for 5,000 Redeemable Preference Shares (one more than the minimum required). If a person does not hold the minimum holding of shares within six months of becoming a member of the Company, the Shareholder will cease to be a Supplier and the provisions described in section 9.2.9 above will apply.

9.2.11 **Maximum shareholding**

The maximum number of shares which may be held by or on behalf of one person is 10% of the issued share capital. In addition, where there are multiple Suppliers supplying milk product from a particular farm or receival depot, no more than four Suppliers from that farm or receival depot may hold Ordinary Shares.

9.2.12 **Directors**

The Board will be constituted by:

- (a) between two and six Regional Directors; and
- (b) subject to Board's absolute discretion, up to three non-supplier directors.

At least two Directors must ordinarily reside in Australia. The maximum number of directors will be nine directors with up to six Regional Directors and three non-Supplier directors. The majority of directors must be Regional Directors. The number of Directors may increase to be more than nine at the discretion of the Board by a $\frac{3}{4}$ majority. The Constitution and the Corporations Act contain provisions relating to the election of Directors.

9.2.13 **Regional Board Representation**

For the purposes of electing Regional Directors, the Shareholders are classified into one of three Regions:

- (a) Region One (Riverina / Northern Victoria) - being that part of Victoria which is not in Region Two and that part of New South Wales as lies to the south of an imaginary line running due north from the New South Wales / Victorian border to Tumberumba, thence west to Holbrook, thence north-west to Griffith, and then due west to the New South Wales / Victorian border; and
- (b) Region Two (Western Victoria and South East South Australia) - being that part of Victoria which is

west of the City of Melbourne and south of the Western Highway joining the towns of Ballarat, Ararat, Horsham, Nhill and Bordertown and that part of South Australia that is south and east of an imaginary line joining the towns of Bordertown and Kingston.

- (c) Region Three (Eastern Victoria) - being that part of Victoria which is east of the City of Melbourne.

9.2.14 Rotation of Directors

From the second annual general meeting of the Company onwards, a third of Directors will be required to retire by rotation. Non-Supplier Directors will be appointed for two year terms. Directors may not serve more than nine years consecutively. Directors who are executives of the Company will not be subject to retirement by rotation (including the restriction on serving as a director for more than nine consecutive years).

9.3 Rights attaching to Redeemable Preference Shares

The Redeemable Preference Shares to be issued under the Offers will be issued on the following terms:

- (a) they carry no voting rights;
- (b) subject to the Redeemable Preference Shares being fully paid up, they can be redeemed at any time in the Board's discretion for \$1.00 each out of profits of the proceeds of a new issue of shares made for the purpose of redemption;
- (c) they do not carry any rights to share in a surplus of assets on a winding up of the Company; and
- (d) they carry a preferential right to receive all dividends to be issued by the Company at any time (for the avoidance of doubt, while there are Redeemable Preference Shares on issue, no dividends will be declared in respect of Ordinary Shares on issue).

9.4 Material Contracts

9.4.1 Supply Agreements with Customers

The Company has agreed pricing and volumes with all its customers and volumes for the FY23 financial year and is currently in negotiations for the FY24 financial year. The Company has a formal supply agreement with one customer post FY23.

The Company must use its reasonable endeavours to deliver milk to customers in consistent daily volumes to the reasonable satisfaction of each customer, having regard to seasonal conditions and annual target volumes of milk required by each customer.

Each formal supply agreement may be terminated for cause where a party is subject to insolvency, ceases to conduct its business or breaches a material term of the agreement (including a payment default).

Other terms are standard for supply agreements of this nature.

9.4.2 Supply Agreements with farmers

The Company has entered into a standard form exclusive milk supply agreement with each of its Supplier farmers, pursuant to which the farmers supply minimum volumes of milk produced on their farms to the Company, which it on-sells to eight key customers that manufacture export and domestic dairy products.

Each supply agreement is for a term of one financial year and must be renewed on an annual basis. Either party may give 30 days' written notice to terminate. The Company may immediately terminate a supply agreement if a Supplier commits a material breach of the agreement which is not remedied within 30 days of notice, supplies milk to a third party or suffers an insolvency event.

The Company pays farmers monthly, but the obligation to pay is subject to the Company receiving payment from the ultimate customer of the milk. ADFC has debtor's insurance cover if in the case a customer fails to pay an invoice for milk supply. The terms of the Company's Milk Supply Policy (which may be amended by the Company from time to time) apply to each supply agreement. A copy of the Company's current Milk Supply Policy is available on the Company's website (<https://adfc.com.au/milk-supply/>).

9.5 Fees and Commissions

Fees, commissions and other costs that will be or are expected to be paid in connection with the Offers are as follows:

Cost	(\$)*
ASIC fees	\$3,206
Legal	\$18,000
Accounting and taxation	\$9,500
Total	\$30,706

* exclusive of GST

9.6 Interests of experts and advisors

Other than as set out below or elsewhere in this Prospectus:

- (a) no person named in this Prospectus is performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, a promoter of the Company or broker to the Offers, has as at the date of this Prospectus, or had at any time during the 2 years before lodgement of this Prospectus with the ASIC, any interest in:
 - (i) the formation or promotion of the Company;
 - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; or
 - (iii) the Offers, and
- (b) no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any of those persons in connection with the formation or promotion of the Company or the Offers.

Grant Thornton Corporate Finance Pty Ltd will receive professional fees of approximately \$9,500 (plus GST and disbursements) for its services in connection with this Prospectus including the provision of the Investigating Accountant's Report.

HWL Ebsworth has acted as solicitors to the Company in providing general advice in relation to this Prospectus. In respect of these services performed, the Company has paid or will pay approximately \$18,000 (plus GST and disbursements).

9.7 Consents

Each of the parties referred to in this section 9.7:

- (a) does not make, or purport to make, any statement in this Prospectus, and is not aware of any statement in this Prospectus which purports to be based on a statement made by any of them, other than as specified in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Replacement Prospectus in the capacity as noted below and for the inclusion of statements made by those parties (as described below in the form and context in which they are included) and have not withdrawn such consent prior to the lodgement of this Replacement Prospectus with ASIC:

- (a) HWL Ebsworth, as solicitors for the Company;
- (b) Grant Thornton Corporate Finance Pty Ltd as author of the Investigating Accountant's Report and the inclusion of the Investigating Accountant's Report in section 7;
- (c) Grant Thornton Audit Pty Ltd as Auditor to the Company.

9.8 Dividends

Due to the activities of the Company as outlined in this Prospectus, any dividends will be paid at the discretion of the Board.

The Company's dividend policy will provide the appropriate balance between the Company's growth objectives and providing shareholders a yield on their investment. Dividends will be determined by the Board having regard to investment opportunities.

No assurance can be provided about future dividend policy, the extent of future dividends or the franking of dividends.

9.9 Overseas distribution

The distribution of the Prospectus outside the Commonwealth of Australia may be restricted by law. Consequently, all persons who receive the Prospectus must inform themselves of all applicable laws and observe any such restrictions. The failure to comply with any applicable restrictions may constitute a

violation of securities laws. This Prospectus is not intended to and does not constitute an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia.

9.10 Taxation

9.10.1 Summary of Taxation Implications

The following comments are intended to provide a general summary of the Australian taxation implications that may arise for certain Australian resident Shareholders in respect of holding their Shares on capital account and disposing of Shares.

The following comments are based on the provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the understanding of the practice of the tax authorities in Australia at the date of this Prospectus.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor, and no representations are made with respect to the Australian income tax consequences to any particular investor. Accordingly, prospective purchasers of Shares should consult their own tax advisors for advice with respect to their particular circumstances. Investors should also be cognisant that any changes to the legislation or judicial interpretation of the legislation may affect their investment.

9.10.2 Taxation of Future Share Disposals

The disposal of a Share by a Shareholder may constitute a capital gains tax event. A capital gain could arise where the 'capital proceeds' on disposal exceed the 'cost base' of the Share (broadly, the amount paid to acquire the Share plus any costs incurred in relation to the acquisition or disposal of the Shares). In the case of an 'arm's length' sale, the capital proceeds should generally be the cash proceeds received from the sale of the Shares. Any capital gain will generally need to be included as income in your income tax return. Any capital loss can only be offset against capital gains.

9.10.3 Dividends received by Australian Tax Resident Individuals and complying superannuation entities

Dividends constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credits attached to the dividend.

Such Shareholders should be entitled to a 'tax offset' equal to the franking credits attached to the dividend subject to being a 'qualified person'. A shareholder is generally considered a 'qualified person' if the shares are held 'at risk' for a continuous period of at least 45 days (90 days for preference shares), or if the small shareholder exemption rule applies.

The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

In the case of unfranked dividends, only the dividend should be included in the assessable income and no tax offset is available.

9.10.4 Dividends received by Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credits in their assessable income. A tax offset should then be allowed up to the amount of the franking credits on the dividend.

Corporate Shareholders are not entitled to a tax refund if the tax offset exceeds the tax payable on their taxable income. However, such excess franking credits may be converted into carry-forward tax losses in some circumstances.

An Australian resident Corporate Shareholder should be entitled to a credit in its own franking account equal to the amount of the franking credits attached to the dividend received.

In the case of unfranked dividends, only the dividend should be included in assessable income and no tax offset is available.

9.10.5 Stamp Duty

There should be no liability for stamp duty in Australia on the issue of Shares by the Company.

9.10.6 Goods and Services Tax (GST)

Under current Australian GST Law, GST should not be applicable to the issue, acquisition or transfer of Shares.

9.11 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings or arbitration proceedings.

9.12 Authorisation of Prospectus

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Peter Mulheron

Chairman

Signed for and on behalf of Australian Dairy Farmers Corporation Limited

10 GLOSSARY

General terms and abbreviations used in this Prospectus have the meaning as set out below.

Term	Definition
Applicant	means a person who submits an Application.
Application	means an application for Shares under this Prospectus.
Application Form	means an application form in the form attached to this Prospectus.
Application Monies	means the Application Price multiplied by the number of Shares applied for.
Application Price	means the price of Shares issued pursuant to this Prospectus, being \$1.00 per Share.
ASIC	means the Australian Securities & Investments Commission.
Auditor	means Grant Thornton Audit Pty Ltd.
Board or Board of Directors	means the board of directors of the Company for the time being.
Chairman	means the chairman of the Board.
Closing Date	means the date by which Applications for the Offers must be received by the Company being 30 June 2024 or such other date determined by the Board.
Company	means Australian Dairy Farmers Corporation Limited ACN 610 590 200.
Constitution	means the Constitution of the Company as amended from time to time.
Corporate Directory	means the corporate directory set out on the inside back cover of this Prospectus.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Dollar, A\$, \$	means all monetary amounts stated in the Prospectus are in Australian Dollars, the legal currency of Australia.
Dry Class Shares	means dry class ordinary shares in the Company that were previously issued but no longer exist as a class of securities in the Company.
Eligible Suppliers	has the meaning given in section 8.1 of this Prospectus.
Equity Share Scheme	has the meaning given in section 8.2 of this Prospectus.
Exposure Period	means the period prescribed pursuant to section 727(3) of the Corporations Act during which Application cannot be processed following lodgement of the Prospectus with ASIC.
FY23	means the financial year commencing 1 July 2022 and ending 30 June 2023.
Investigating Accountant	means Grant Thornton Corporate Finance Pty Ltd.
Issue	means the issue of Shares in accordance with this Prospectus.
Offers	means the offers of: <ul style="list-style-type: none">(a) one Ordinary Share and 5,000 Redeemable Preference Shares at \$1.00 per Share to each Eligible Supplier; or(b) Redeemable Preference Shares to existing Shareholders under the Equity Share Scheme, from time to time.

Term	Definition
Offer Price	means \$1.00 per Share.
Opening Date	means the date Applications pursuant to of this Prospectus may first be accepted by the Company, expected to be 8 June 2023.
Ordinary Share	means the fully paid ordinary shares in the Company.
Ordinary Shareholder	means a holder of Ordinary Shares.
Prospectus	means this prospectus dated 31 May 2023 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus.
Redeemable Preference Shares	means Redeemable preference shares in the Company issued on the terms set out in section 9.3.
Region	means a geographical region as set out in the Constitution, as described in section 9.2.13.
Regional Director	means a Director being elected pursuant to the Constitution that is a Supplier representing one of the Regions.
Shares	means the Ordinary Shares and Redeemable Preference Shares.
Share Trust	means the ADFC Nominees Trust, established by a deed of settlement dated 21 November 2017, for which the Share Trustee acts as trustee.
Share Trustee	means ADFC Nominees Pty Ltd ACN 622 102 854.
Shareholder	means a holder of Shares from time to time.
Suppliers	means members who supply milk products to the Company from time to time.
Transfer Form	means a share transfer form in a form approved by the Company in respect of the transfer of the one Ordinary Share held be a Shareholder to the Share Trustee as transferee for \$1.00, to be affected on the Shareholder ceasing to be a Supplier.

CORPORATE DIRECTORY

Australian Dairy Farmers Corporation Limited

ACN 610 590 200

Suite 222A

757 Bourke Street

DOCKLANDS VICTORIA 3008

Website:

<https://adfc.com.au>

Directors

Peter Mulheron

Jade Sieben

Rod Slattery

Ben Croatto

Company Secretaries

Ron Page

Paul Casey

Legal Adviser

HWL Ebsworth

Level 8

447 Collins Street

MELBOURNE VICTORIA 3000

Investigating Accountant

Grant Thornton Corporate Finance Pty Ltd

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727 Collins Street

MELBOURNE VIC 3008

AUSTRALIA

Auditor

Grant Thornton Audit Pty Ltd

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AUSTRALIA