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INTERIM FINANCIAL REPORT

FOR THE HALF YEAR
ENDED 31 DECEMBER 2025

AUSTRALIAN DAIRY NUTRITIONALS GROUP



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APPENDIX 4D



AUSTRALIAN DAIRY NUTRITIONALS GROUP (ASX CODE: AHF)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2025

	Movement	% Change	\$000 December 2025	\$000 December 2024
Revenues from ordinary activities	Up	14%	3,198	2,805
Loss for the period	Down	40%	(1,222)	(2,041)
Loss for the period attributable to members	Down	38%	(1,269)	(2,055)

	December 2025 cents	December 2024 cents
Net tangible asset backing per security	2.9	3.6

Dividend Information

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking (%)
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
Record date			Not Applicable

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

Loss or gain of control over other entities

There has been no loss or gain of control over other entities during the period.

Investment in associates and joint ventures

Not applicable.

Audit Status

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

Refer to the Directors' Report and Interim Financial Report for additional information.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS

The names of directors who held office during or since the end of the half-year:

CURRENT DIRECTORS

Name	Position
Peter Nathan	Executive Chairman
Zhao Hui (Jason) Dong	Non-Executive Director
Qing (Scott) Lai	Non-Executive Director
Wenju (Andy) Zhang	Non-Executive Director

OPERATING RESULTS

Australian Dairy Nutritionals continued to significantly improve its profitability for the half-year ended 31 December 2025 (FY26 H1), as the consolidated net loss after providing for income tax was down 40% to \$1,221,603 compared to the comparative period (FY25 H1: \$2,040,890).

This result is comprised of the following:

- net loss from the nutritional powders segment down 63% to \$732,659 (FY25 H1: \$1,964,789).
- net profit from the dairy farm segment down 52% to \$378,579 (FY25 H1: \$796,143).
- corporate costs down 1% to \$867,523 (FY25 H1: \$872,244).

Total revenue and other income for FY26 H1 is \$3,818,761, up 12% against the FY25 H1 comparative period of \$3,397,160.

As is consistent with the strategic growth plan, nutritional powders are the engine of growth for the business with the delivery of exceptional growth of 431% on the comparative period.

Below is a breakdown of total revenue by segment:

- total revenue from the nutritional powders segment of \$2,141,472 (FY25 H1: \$403,518).
- total revenue and other income from the dairy farms segment of \$1,677,289 (FY25 H1: \$2,993,642).

The nutritional powders revenue growth of 431% for FY26 H1 compared to FY25 H1, was driven by on-going pipeline and replenishment orders for the increased distribution of the Future brand in China and contract pack sales to key customers. The Group continues to focus heavily on building distribution of the Future brand in the O2O channel in China via the M2C shopping app. Distribution has now been expanded to 7 provinces in China, and it is still planned that further distribution and province penetration expansion will continue throughout FY26 reaching 1,000 outlets by financial year end.

Despite the very pleasing growth, nutritional powder sales in Q2 FY26 were negatively affected by sudden regulatory and registration changes in Vietnam, impacting packaging that resulted in stock returns. It is expected that shipments with revised packaging will begin at the end of Q3 FY26.

The exit from the lease of the Brucknell North farm in the FY25 H1 comparative, was the main driver for the dairy farms segment revenue decline of 44% in FY26 H1 compared to the FY25 H1. The revenue decline due to the exit from the lease was as expected and planned, with lower cow numbers, milk production and livestock sales. It is not expected that farm revenue will materially change from the current levels in the medium term, as the current milk production from the 100% organic farm is sufficient to provide enough fresh milk to supply the processing facility at full capacity.

In keeping with our objectives, total expenses for FY26 H1 were \$5,040,364, down 7% against the FY25 H1 comparative period of \$5,438,050.

Below is a breakdown of total expenses by segment:

- total expenses from the nutritional powders segment of \$2,874,131 (FY25 H1: \$2,368,307).
- total expenses from the dairy farms segment of \$1,298,710 (FY25 H1: \$2,197,499).
- Total corporate expenses of \$867,523 (FY25 H1: \$872,244).

The nutritional powders expenses increase of only 21% from the comparative period is attributable to cost of goods sold, which is a very favourable metric as revenue increased by 431% in the same period.

Dairy farms segment expenses decreased by 41% from the comparative period, which is directly attributable to the lower revenue of 44% due to the exit from the lease of the Brucknell North farm. Drier than normal seasonal conditions in Southwest Victoria until October 2025 also negatively impacted farm production, however this was offset by a gain in fair value of livestock for the half year.

The corporate expenses for FY26 H1 are down 1% on the FY25 H1 comparative, demonstrating a strong focus on cost control considering the broader inflation challenges in the economy.

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DIRECTORS' REPORT (cont'd)

MARKET CONDITIONS

Market condition for IMF in China continue to support the Group's business model. The China IMF English label segment and A2 Protein segment continue to perform strongly and show positive momentum. In FY26 H1 the English Label IMF segment grew by 12.1% driven by volume growth and premiumisation, and the A2 Protein segment grew by 13% in FY26 H1 as it now represents 22% of the China IMF market in value.*

The O2O channel which is the channel that the Group is focusing on, was the fastest growing channel for IMF, as the channel grew by 20.9% in FY26 H1.*

Although China birth rates in Calendar Year (CY) 25 were down by 17%, the outlook for CY 26 is more favourable as marriage rates were up by 11% in CY25#, and the China Central Government has explicitly listed birth rate stabilisation as a major policy priority for CY26.

OUTLOOK

The Board is pleased with the progress that has been made in re-shaping the business to position it for sustainable growth, and as such it is still forecasting that the business will deliver positive EBIT and cash flow for the FY27 financial year.

FINANCIAL POSITION

The net assets of the Group at 31 December 2025 total \$22,152,529, a \$1,494,946 decrease from the FY25 comparative of \$23,647,745. The decrease in net assets was primarily driven by operating losses and fair value movement on land and buildings.

The key assets and liabilities in the statement of financial position at 31 December 2025 are:

- cash and cash equivalents of \$809,014 (June 2025: \$2,687,954);
- inventories of \$2,617,693 (June 2025: \$1,340,222);
- property, plant and equipment of \$17,801,123 (June 2025: \$18,162,452);
- biological assets of \$1,319,921 (June 2025: \$1,055,449); and
- total borrowings of \$199,663 (June 2025: \$nil).

*Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities), MAT.

#China Ministry of Civil Affairs. Number of marriage registrations grew by 11% in 2025 versus 2024.

GOING CONCERN

The financial statements have been prepared using the going concern basis of preparation. During the half-year the Group incurred a loss of \$1.22 million (December 2024: \$2.04 million loss), has total accumulated losses of \$60.09 million and had a net cash outflow from operations of \$1.77 million (December 2024: \$1.80 million outflow). The Group's cash and cash equivalent balance at 31 December 2025 was \$0.81 million.

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

The Board is confident in the Group's ability to continue as a going concern for the 12-month period based on its current cash and cash equivalents and forecasts for the next 12 months. Growth is expected to accelerate due to the on-going distribution build of Future brand in China and the Group has just completed a capital raise via an entitlement offer raising \$0.54m. The Group also reserves the right to place any or all of the remaining 104,777,527 shares which form the shortfall of the entitlement offer. These shares can be placed to one or more investors within three months of the closing date of 18 February 2026 at a price not less than the offer price of \$0.028 per share.

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

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



Peter Nathan
Executive Chairman

26 February 2026

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AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 To the directors of Australian Dairy Nutritionals Limited

I declare that, to the best of my knowledge and belief, during the six months ended 31 December 2025, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Terence Brueton
Director

Date: 26 February 2026

Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

Registered Audit Company 299289
Moore Australia Audit (QLD) Pty Ltd – ABN 49 115 261 722
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

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FINANCIAL STATEMENTS

FOR THE HALF YEAR
ENDED 31 DECEMBER 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	NOTE	DECEMBER 2025	DECEMBER 2024
Continuing Operations		\$	\$
Revenue	2(a)	3,197,939	2,804,952
Other income	2(b)	620,822	592,208
Administration and non-dairy related costs	2(c)(v)	(336,788)	(417,853)
Employment expenses	2(c)(iv)	(1,124,023)	(1,025,854)
Finance costs	2(c)(i)	(33,921)	(79,315)
Dairy farm related costs	2(c)(ii)	(981,345)	(1,384,290)
Infant formula product related costs	2(c)(iii)	(2,192,245)	(1,815,530)
Depreciation and amortisation		(284,191)	(484,381)
Deemed cost of livestock sold		(87,851)	(230,827)
Loss before income tax		(1,221,603)	(2,040,890)
Income tax expense	2(d)	-	-
Loss for the period		(1,221,603)	(2,040,890)
Other comprehensive income			
Items that will be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Fair value movement on land and buildings		(356,905)	-
Other comprehensive loss for the period		(356,905)	-
Total comprehensive loss for the period		(1,578,508)	(2,040,890)
Loss attributable to:			
Company shareholders		(1,268,897)	(2,054,682)
Non-controlling interest		47,294	13,792
		(1,221,603)	(2,040,890)
Total comprehensive loss attributable to:			
Company shareholders		(1,625,802)	(2,054,682)
Non-controlling interest		47,294	13,792
		(1,578,508)	(2,040,890)
Earnings per share:			
Basic earning per share (cents)	11	(0.17)	(0.29)
Diluted earnings per share (cents)	11	(0.17)	(0.29)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	NOTE	DECEMBER 2025	JUNE 2025
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		809,014	2,687,954
Trade and other receivables		943,062	1,260,510
Inventories		2,617,693	1,340,222
Biological assets	3	-	161,804
Other current assets		286,713	138,767
Total Current Assets		4,656,482	5,589,257
Non-Current Assets			
Biological assets	3	1,319,921	893,645
Right of use assets		7,433	60,280
Intangible assets	4	383,166	383,166
Property, plant & equipment	5	17,801,122	18,162,452
Total Non-Current Assets		19,511,642	19,499,543
Total Assets		24,168,124	25,088,800
LIABILITIES			
Current Liabilities			
Trade and other payables		1,454,223	1,102,959
Lease liabilities		1,186	48,452
Provisions		338,057	275,172
Borrowings	6	199,663	-
Total Current Liabilities		1,993,129	1,426,583
Non-Current Liabilities			
Provisions		22,472	14,742
Total Non-Current Liabilities		22,472	14,742
Total Liabilities		2,015,601	1,441,325
Net Assets		22,152,523	23,647,475
EQUITY			
Issued capital	7	78,855,230	78,855,230
Reserves		3,391,650	3,664,999
Accumulated losses		(59,941,211)	(58,672,314)
Equity attributable to shareholders		22,305,669	23,847,915
Non-controlling interests			
Accumulated losses		(153,146)	(200,440)
Equity attributed to non-controlling interests		(153,146)	(200,440)
Total Equity		22,152,523	23,647,475

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	DECEMBER 2025	DECEMBER 2024
	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	3,795,880	2,929,470
Payments to suppliers and employees	(5,567,766)	(4,960,140)
Interest received	13,651	28,438
Finance costs	(10,661)	201,299
Net operating cash flows	(1,768,896)	(1,800,933)
Cash Flows from Investing Activities		
Payment for property, plant & equipment	(282,435)	(65,752)
Proceeds from sale of property, plant & equipment	19,364	545
Net investing cash flows	(263,071)	(65,207)
Cash Flows from Financing Activities		
Net proceeds from issue of shares	-	2,121,819
Proceeds from borrowings - unsecured	326,535	311,633
Repayment of borrowings - unsecured	(126,872)	(155,506)
Repayment of borrowings - secured	-	(1,780,000)
Repayment of lease principal	(46,636)	(254,930)
Net financing cash flows	153,027	243,016
Net decrease in cash held	(1,878,940)	(1,623,124)
Cash at the beginning of the period	2,687,954	6,106,312
Cash at the end of the financial period	809,014	4,483,188

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

Note	Issued Ordinary Capital	Asset Revaluation Reserve	Option Reserve	Non- controlling Interests	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2025	78,855,230	3,604,766	60,233	(200,440)	(58,672,314)	23,647,475
Comprehensive income for the year						
Loss attributable to company shareholders for the period	-	-	-	-	(1,268,897)	(1,268,897)
Non-controlling interests	-	-	-	47,294	-	47,294
Other comprehensive loss for the period	-	(356,905)	-	-	-	(356,905)
Total comprehensive income / (loss) for the period	-	(356,905)	-	47,294	(1,268,897)	(1,578,508)
Transactions with equity holders in their capacity as equity holders and other transfers:						
Share based payments	9(b)	-	-	83,556	-	83,556
Total transactions with equity holders		-	-	83,556	-	83,556
Balance at 31 December 2025	78,855,230	3,247,861	143,789	(153,146)	(59,941,211)	22,152,523
Balance at 1 July 2024	76,733,411	3,604,766	-	(148,344)	(53,463,264)	26,726,569
Comprehensive income						
Loss attributable to company shareholders for the period	-	-	-	-	(2,054,682)	(2,054,682)
Non-controlling interests	-	-	-	13,792	-	13,792
Total comprehensive income / (loss) for the period	-	-	-	13,792	(2,054,682)	(2,040,890)
Transactions with equity holders in their capacity as equity holders and other transfers:						
Share based payments	9(b)	-	-	4,822	-	4,822
Contribution of equity, net of transaction		2,121,819	-	-	-	2,121,819
Total transactions with equity holders		2,121,819	-	4,822	-	2,126,641
Balance at 31 December 2024	78,855,230	3,604,766	4,822	(134,552)	(55,517,946)	26,812,320

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2025 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Australian Dairy Nutritionals Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2025, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the date of signing the directors' declaration.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(c) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period but determined that their application to the financial statements is either not relevant or not material.

(d) Going Concern

The financial statements have been prepared using the going concern basis of preparation. During the half-year the Group incurred a loss of \$1.22 million (December 2024: \$2.04 million loss), has total accumulated losses of \$60.09 million and had a net cash outflow from operations of \$1.77 million (December 2024: \$1.80 million outflow). The Group's cash and cash equivalent balance at 31 December 2025 was \$0.81 million.

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

The Board is confident in the Group's ability to continue as a going concern for the 12-month period based on its current cash and cash equivalents and forecasts for the next 12 months. Growth is expected to accelerate due to the on-going distribution build of Future brand in China and the Group has just completed a capital raise via an entitlement offer raising \$0.54m. The Group also reserves the right to place any or all of the remaining 104,777,527 shares which form the shortfall of the entitlement offer. These shares can be placed to one or more investors within three months of the closing date of 18 February 2026 at a price not less than the offer price of \$0.028 per share.

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 2: REVENUE AND EXPENSES

	Note	December 2025 \$	December 2024 \$
(a) Revenue			
Continued Operations			
Revenue from contracts with customers	(i)	3,168,119	2,710,067
Other sources of revenue	(ii)	29,820	94,885
Total revenue		3,197,939	2,804,952
 (i) Revenue disaggregation			
The revenue is disaggregated by service line and timing of revenue recognition.			
Service lines:			
- Nutritional powders		2,034,777	403,518
- Dairy Farms		1,133,342	2,306,549
		3,168,119	2,710,067
 Timing of revenue recognition			
Services transferred to customers:			
- at a point in time		3,168,119	2,710,067
 (ii) Other sources of revenue			
Interest - unrelated		13,651	28,438
Farm costs recoveries		3,800	10,400
Fuel rebate and other revenue		12,369	56,047
		29,820	94,885
 (b) Other Income			
Gain from changes to fair value of livestock		514,127	592,208
Gain on disposal of property, plant & equipment		16,695	-
Bad debt recovery		90,000	-
		620,822	592,208
 (c) Expenses			
(i) Finance costs			
Loans - secured		23,260	53,816
Loans - unsecured		10,661	11,903
Right of use assets		-	13,596
		33,921	79,315
 (ii) Dairy related costs			
Feed costs		610,464	653,291
Repairs, maintenance and vehicle costs		52,827	91,353
Animal health costs		8,585	10,348
Land holding and lease costs		5,362	7,140
Breeding and herd testing expenses		12,227	37,578
Dairy shed expenses		19,975	56,359
Electricity		23,737	80,375
Other dairy farm related costs		248,168	447,846
		981,345	1,384,290

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 2: REVENUE AND EXPENSES (cont'd)

	Note	December 2025 \$	December 2024 \$
(iii) Nutritional powders related costs:			
Cost of goods sold		1,622,714	332,356
Inventory impairment		-	613,804
Manufacturing related cost*		269,396	679,822
Advertising and marketing costs		189,412	115,716
Bad debt provision		-	1,384
Property related costs		39,531	28,365
Other infant formula costs		71,192	44,083
		2,192,245	1,815,530
(iv) Employee benefits expense			
Employee and director remuneration costs		1,040,467	1,021,032
Equity settled share-based payment costs	9(b)	83,556	4,822
		1,124,023	1,025,854
Employee remuneration costs - included in manufacturing related costs*		422,061	280,070
Total employment benefit expenses		1,546,084	1,305,924
* Employee remuneration costs directly attributable to manufacture of nutritional powders have been reallocated to manufacturing related costs in the December 2024 comparative.			
(v) Administration and non-dairy related costs			
Administration costs		173,164	173,157
Professional costs		163,624	194,270
Property costs		-	50,426
		336,788	417,853

(d) Tax Expense

There is no income tax applicable to the result for the period due to the availability of carried forward tax losses.

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 3: BIOLOGICAL ASSETS

	Note	December 2025 \$	June 2025 \$
Current			
Feed Crops		-	161,804
Non-current			
Dairy livestock	(i)	1,319,921	893,645
Total biological assets		<u>1,319,921</u>	<u>1,055,449</u>
Opening carrying amount		1,055,449	1,873,697
Movement in feed crops		(161,804)	(76,754)
Deemed cost of livestock disposed		(87,851)	(1,336,050)
Gain from changes to fair value		514,127	594,556
Closing carrying amount		<u>1,319,921</u>	<u>1,055,449</u>

Movement during the year (herd numbers):

	December 2025 No.	June 2025 No.
Opening balance	766	1,674
Natural increase and attrition	91	317
Sales	(184)	(1,225)
Closing balance	<u>673</u>	<u>766</u>

(i) Biological assets represent the dairy livestock owned by the Group. At 31 December 2025, the livestock has been valued at fair value, by independent stock agents, based on the prices in the open cattle market in the locality of the dairy operations. A fair value gain of \$514,127 (December 2024: \$592,208 gain) has been recognised in profit and loss at 31 December 2025, and represents price movements, natural increase and the movement in ages of young stock.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 4: INTANGIBLE ASSETS

	December 2025 \$	June 2025 \$
Recipes, formulations, trademarks and patents		
- at cost	630,329	630,329
Less accumulated impairment	(247,163)	(247,163)
	383,166	383,166
Product development		
- at cost	43,520	59,505
Less accumulated amortisation	(43,520)	(59,505)
	-	-
Total intangible assets	383,166	383,166

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

	December 2025 \$	June 2025 \$
Land, buildings and improvements		
- at fair value	13,100,000	13,592,291
Less accumulated depreciation	(121,081)	(209,213)
	12,978,919	13,383,078
Plant and equipment		
- at cost	6,947,341	6,695,749
Less accumulated depreciation	(2,125,138)	(1,916,375)
	4,822,203	4,779,374
Total property, plant and equipment	17,801,122	18,162,452

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 5: PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Property name	Note	Acquisition date	December 2025	June 2025
Yaringa - Nirranda South	(a)	4 October 2018	8,200,000	8,563,578
Infant Formula Facility	(b)	1 July 2022	4,778,919	4,819,500
Total			12,978,919	13,383,078

(a) Registered valuers Preston Rowe Paterson completed an independent valuation of the farm for 31 December 2025. The basis of the valuation was 'As Is and In Use' with vacant possession. The fair value of the farm was \$8,200,000 and a fair value loss on land and buildings of \$356,905 is reflected in other comprehensive income.

(b) Registered valuers IPN Valuers - Greater Geelong completed an independent valuation of the Depot & Old Geelong Road land and infant formula building for 30 June 2023. The basis of valuation was a cost approach using the summation of land and improvements, supported by comparable sales evidence and capitalisation of income. The combined fair value was assessed at \$5,100,000. At the 30 June 2024, with reference to the previous valuation, IPN Valuers completed an updated assessment of the fair value at \$4,900,000. The Board has reviewed the carrying amount at 31 December 2025 and are satisfied it is not impaired. The carrying amount represents the independent valuation from June 2024 plus capitalised costs from the valuation date, less depreciation.

NOTE 6: BORROWINGS

	Note	December 2025 \$	June 2025 \$
Current			
Loans - unsecured	(i)	199,663	-
Total current borrowing		199,663	-

(i) The Group has an unsecured short-term loan for payment of the Group's insurance policies.

Gippsreal Limited - Loan Facility

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 7: ISSUED CAPITAL

	December 2025	June 2025
	\$	\$
Contributed equity of the Group	78,855,230	78,855,230

(i) Movement in ordinary shares at 31 December 2025:

Details	Date	Number of Shares	Issued Capital \$	Issue Price \$
Opening balance	01 Jul 2025	743,321,815	78,855,230	-
31 December 2025		743,321,815	78,855,230	-

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 8: SEGMENT REPORTING

(i) Segment Performance

	Nutritional Powders \$	Dairy Farms \$	Total \$
31 December 2025			
Revenue			
External sales	2,034,777	1,149,511	3,184,288
Other income	106,695	514,127	620,822
Interest revenue	-	13,651	13,651
Total segment revenue	2,141,472	1,677,289	3,818,761
Total Group revenue			3,818,761
Segment net profit / (loss) before tax	(732,659)	378,579	(354,080)
Reconciliation of segment result to Group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate charges	(433,762)	(433,761)	(867,523)
Net loss before tax			(1,221,603)

(ii) Segment Performance

	Nutritional Powders \$	Dairy Farms \$	Total \$
31 December 2024			
Revenue			
External sales	403,518	2,372,996	2,776,514
Other income	-	592,208	592,208
Interest revenue	-	28,438	28,438
Total segment revenue	403,518	2,993,642	3,397,160
Total Group revenue			3,397,160
Segment net profit / (loss) before tax	(1,964,789)	796,143	(1,168,646)
Reconciliation of segment result to Group net profit/loss before tax:			
Amounts not included in segment result but reviewed by the Board:			
- Corporate charges	(436,122)	(436,122)	(872,244)
- Corporate charges allocated to discontinued operations			
Net loss from continuing operations before tax			(2,040,890)

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 8: SEGMENT REPORTING (cont'd)

(iii) Segment Assets

	Nutritional Powders \$	Dairy Farms \$	Total \$
As at 31 December 2025			
Segment assets	13,021,563	11,146,561	24,168,124
Segment assets include:			
Additions to non-current assets	272,607	9,829	282,436

(iv) Segment Assets

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

(v) Segment Liabilities

	Nutritional Powders \$	Dairy Farms \$	Total \$
As at 31 December 2025			
Segment liabilities	1,390,760	624,841	2,015,601

(vi) Segment Liabilities

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

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 9: SHARE BASED PAYMENTS

(a) Employee share scheme

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

Grant date	Expiry date	Vesting date	Note	Exercise price	Balance at 1 July 2025	Granted during the period	Vested and issued during the period	Forfeited during the period	Balance at 31 December 2025	Vested and exercisable at 31 December 2025
Performance rights										
10/4/24	12/18/29	12/18/25		-	1,000,000	-	-	-	1,000,000	1,000,000
10/30/25	11/7/30	11/7/26	(i)	-	-	1,000,000	-	-	1,000,000	-
Options										
10/4/24	12/18/29	12/18/25		\$0.02	2,706,667	-	-	-	2,706,667	2,706,667
10/4/24	12/18/29	12/18/26		\$0.02	2,706,667	-	-	-	2,706,667	-
10/4/24	12/18/29	12/18/27		\$0.02	2,706,666	-	-	-	2,706,666	-
27/11/24	12/18/29	12/18/25		\$0.02	500,000	-	-	-	500,000	500,000
27/11/24	12/18/29	12/18/26		\$0.02	500,000	-	-	-	500,000	-
27/11/24	12/18/29	12/18/27		\$0.02	500,000	-	-	-	500,000	-
10/30/25	11/7/30	11/7/26	(ii)	\$0.04	-	2,706,667	-	-	2,706,667	-
10/30/25	11/7/30	11/7/27	(ii)	\$0.04	-	2,706,667	-	-	2,706,667	-
10/30/25	11/7/30	11/7/28	(ii)	\$0.04	-	2,706,666	-	-	2,706,666	-
10/30/25	11/7/30	11/7/26	(iii)	\$0.04	-	500,000	-	-	500,000	-
10/30/25	11/7/30	11/7/27	(iii)	\$0.04	-	500,000	-	-	500,000	-
10/30/25	11/7/30	11/7/28	(iii)	\$0.04	-	500,000	-	-	500,000	-
					10,620,000	10,620,000	-	-	21,240,000	4,206,667

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 9: SHARE BASED PAYMENTS (cont'd)

(ii) Options granted - Mahinthan Sundaranathan (KMP)

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

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

(iii) Options granted - Peter Nathan (Chairman)

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

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

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

	Note	December 2025 \$	December 2024 \$
Employee share scheme - share based payment expenses	2(c)(iv)	83,556	4,822

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 10: FAIR VALUE MEASUREMENT

(a) Fair Value Hierarchy

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

31 December 2025

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Level 4 \$	Total \$
Non-financial assets						
Biological Assets	3	-	1,319,921	-	-	1,319,921
Land and buildings	5	-	12,978,919	-	-	12,978,919
Total non-financial assets recognised at fair value on a recurring basis		-	14,298,840	-	-	14,298,840

30 June 2025

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Level 4 \$	Total \$
Non-financial assets						
Biological assets - dairy livestock	3	-	893,645	-	-	893,645
Land and buildings	5	-	13,383,078	-	-	13,383,078
Total non-financial assets recognised at fair value on a recurring basis		-	14,276,723	-	-	14,276,723

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 10: FAIR VALUE MEASUREMENT (cont'd)

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

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

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

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

Description	Fair Value at 31 December 2025 \$	Valuation Technique(s)	Input Used
Non-financial assets			
Biological assets - dairy livestock	1,319,921	Market approach using recent observable industry market data for dairy cattle	Breed, weight, condition
Land and buildings	12,978,919	Market approach using recent observable comparable sales evidence	Price per hectare, improvements value, current replacement cost
	<u>14,298,840</u>		

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 11: EARNINGS PER SHARE CALCULATION

	December 2025 cents	December 2024 cents
Basic loss per share	(0.17)	(0.29)
Diluted loss per share	(0.17)	(0.29)
Reconciliation of earnings to profit or loss:		
Loss attributable to shareholders and unitholders	(1,268,897)	(2,054,682)
	Number of Shares	Number of Shares
Weighted average number of shares outstanding during the half-year used in calculating basic EPS	743,321,815	704,115,961
Weighted average number of options outstanding	-	-
Weighted average number of shares outstanding during the half-year used in calculating dilutive EPS	743,321,815	704,115,961

NOTE 12: EVENTS AFTER THE BALANCE DATE

On 25 February 2026 the Group announced to the ASX the completion of its entitlement offer, raising \$535,064 and issuing 19,109,443 new shares. The Group also reserves the right to place any or all of the remaining 104,777,527 shares which form the shortfall of the entitlement offer. These shares can be placed to one or more investors within three months of the closing date of 18 February 2026 at a price not less than the offer price of \$0.028 per share.

In the opinion of the directors there are no other material matters that have arisen since 31 December 2025 that have significantly affected or may significantly affect the Group that are not disclosed elsewhere in this report or in the accompanying financial statements.

DIRECTORS' DECLARATION



DIRECTORS' DECLARATION

For the half-year ended 31 December 2025

In accordance with a resolution of the directors of Australian Dairy Nutritionals Group, the directors of the company declare that:

- (a) the financial statements and notes set out on pages 11 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date.
- (b) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Peter Nathan
Executive Chairman

26 February 2026

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INDEPENDENT AUDITOR'S REVIEW TO THE MEMBERS



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Independent Auditor's Review Report To the Members of Australian Dairy Nutritionals Limited Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Dairy Nutritionals Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Australian Dairy Nutritionals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the financial report which indicates that during the year the Group incurred a loss of \$1.22 million (31 December 2024: \$2.04 million loss) has total accumulated losses of \$60.09 million and had a net cash outflow from operations of \$1.77 million (31 December 2024: \$1.8 million outflow). As stated in Note 1(d), the financial statements have been prepared on a going concern basis on the expected success of the initiatives outlined. Should these events or conditions not occur then a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The financial report does not include adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Our conclusion is not modified in respect of this matter.

Registered Audit Company 299289
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INDEPENDENT AUDITOR'S REVIEW TO THE MEMBERS (cont'd)



Independent Auditor's Review Report to the Members of Australian Dairy Nutritionals Limited (continued)

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Terence Brueton
Director

Moore Australia Audit (QLD) Pty Ltd
Chartered Accountants

Brisbane
Date: 26 February 2026

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Peter Nathan
Executive Chair

Jason Dong
Non-Executive Director

Scott Lai
Non-Executive Director

Andy Zhang
Non-Executive Director

COMPANY SECRETARY

Elizabeth Spooner
Company Secretary

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STOCK EXCHANGE

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

The ASX Code is "AHF".

WEBSITE

adnl.com.au

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