

30 September 2020

Freedom Foods Group Limited

Dispute between Freedom Foods and Blue Diamond

Freedom Foods Group Limited (**ASX: FNP**) advises that it has instituted proceedings (**Freedom Foods Claim**) in the Federal Court of Australia (via a number of its subsidiaries) (**Applicants**) against Blue Diamond Growers (**Blue Diamond**). Blue Diamond and Freedom Foods Pty Ltd (**FFPL**) (a subsidiary of FNP and one of the Applicants) are party to a licence agreement in respect of Blue Diamond Almond Breeze products (**Licence Agreement**). The Federal Court proceedings seek, among other orders, declaratory orders in relation to the Licence Agreement.

The relief sought in the Freedom Foods Claim includes:

- declarations, among others, that:
 - none of the Applicants has breached the Licence Agreement by manufacturing, packaging, selling and distributing MILKLAB almond milk products or Private Label Almond Milk products;
 - none of the Applicants is required, under the Licence Agreement, to obtain almond base ingredients exclusively from Blue Diamond for the manufacture of MILKLAB almond milk products or Private Label Almond Milk products;
 - the Licence Agreement is a franchising agreement under the Franchising Code of Conduct (**Code**); and
 - Blue Diamond has breached its obligations under the Code to act in good faith and has engaged in unconscionable conduct and misleading and deceptive conduct contrary to the Australian Consumer Law; and
- damages.

Blue Diamond has also instituted arbitral proceedings with the American Arbitration Association (**Blue Diamond Claim**) against FFPL. The Blue Diamond Claim seeks:

- compensatory and general damages for breach of the Licence Agreement, which Blue Diamond asserts to be at least US\$16 million; and
- specific performance of the Licence Agreement.

Blue Diamond seeks orders restraining FFPL (and any entity acting on behalf of or in concert with FFPL) from:

- manufacturing or selling nut-based beverage products in Australia or New Zealand that are not Blue Diamond products, organic or Private Label, including MILKLAB and Australia's Own brand nut-based beverage products; and
- purchasing non-organic almond base from sources other than Blue Diamond for the manufacture of non-organic, non-Private Label nut-based beverage products for sale in Australia and New Zealand.

FFPL refutes the Blue Diamond Claim and its entitlement to the orders sought.

Blue Diamond has also commenced judicial proceedings against FFPL in the United States District Court, Eastern District California for breach of an alleged oral agreement. These proceedings are



substantially similar to the Blue Diamond Claim, but rely on an alleged oral agreement that is not governed by the arbitration provisions of the Licence Agreement.

FFPL and Blue Diamond entered the Licence Agreement in 2011. The Licence Agreement expires in 2026. FNP has sought to engage in good faith discussions with Blue Diamond regarding various matters in relation to the Licence Agreement, but Blue Diamond has refused to engage in any discussions with FNP.

FNP is confident in its position and intends to vigorously pursue the Freedom Foods Claim and to defend the Blue Diamond Claim and related court proceedings.

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Authorised by the Board of Directors