

24 May 2021

ASX Market Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## Results of Capital Raising and Second Supplementary Prospectus

### Key points

- Full amount of \$265 million raised through Wholesale Investor Offer and Placement
- Wholesale Investor Offer oversubscribed by \$8.9 million
- Strong support from domestic and international investors
- Arrovest will reduce its minimum commitment to accommodate oversubscriptions
- Notes Terms updated through the lodgement of a Second Supplementary Prospectus

Freedom Foods Group Limited (ASX: FNP) (**Company**) is pleased to announce the final results of its Capital Raising of unlisted, secured, subordinated convertible notes (**Notes**) to Arrovest Pty Ltd (**Arrovest**) and other sophisticated and professional investors (**Eligible Investors**) to raise \$265 million.

The successful completion of the Capital Raising, comprising a Placement and an oversubscribed Wholesale Investor Offer, marks an important step towards the Company's Recapitalisation and the operational and financial turnaround of its business. The Capital Raising closed on 19 May 2021.

As part of the Wholesale Investor Offer, the Company has secured commitments from a number of domestic and international funds, taking total subscriptions from existing and new investors to \$138.9 million.

As a result of the strong support from new and existing investors, Arrovest, the Company's majority shareholder, has agreed to reduce its minimum commitment under the Placement from \$135 million to \$126.1 million to accommodate \$8.9 million of oversubscriptions under the Wholesale Investor Offer.

Freedom Foods Group Chair Genevieve Gregor said: "We're delighted with the level of support shown by existing and new investors for the Company, which we view as a strong endorsement of the turnaround strategy now well underway. The completion of this recapitalisation plan will enable Freedom Foods Group to substantially repay its bank debt, providing us with the financial flexibility to execute the turnaround strategy and return the Company to long-term sustainable and profitable growth for the benefit of all shareholders and investors."

The results of each component of the Capital Raising are as follows:

### Wholesale Investor Offer

The Wholesale Investor Offer was an invitation to Eligible Investors to participate in an offer of up to \$130 million of Notes on a priority basis. The Company is pleased to announce that it has received valid applications from several Eligible Investors who have cumulatively committed to subscribe for \$138.9 million in Notes, and which the Company will accept in full.



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## Placement

As announced on 19 March 2021, the Company received a binding commitment from Arrovest to subscribe for up to \$200 million in Notes, subject to the Company having the ability to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer.

As the Company has successfully raised \$138.9 million under the Wholesale Investor Offer, Arrovest's total commitment will be scaled back to an investment of \$126.1 million in Notes, which in turn will decrease the potential control implications resulting from Arrovest's participation in the Capital Raising (further details of which are set out in the Second Supplementary Prospectus).

The Notes are expected to be issued to Arrovest and Eligible Investors on Financial Close, being 27 May 2021.

The Company has agreed to apply approximately \$231 million, excluding interest, from the proceeds of the Capital Raising towards repayment of its existing senior term, revolving debt and subordinated facility. The balance of proceeds will provide working capital for general corporate purposes and will be used to pay for fees and expenses associated with the Company's broader Recapitalisation.

## Second Supplementary Prospectus

Freedom Foods Group advises that a Second Supplementary Prospectus has been lodged today with the Australian Securities and Investments Commission (**ASIC**).

This Second Supplementary Prospectus must be read in conjunction with the Company's Prospectus dated 19 March 2021 and the first Supplementary Prospectus dated 27 April 2021.

This Second Supplementary Prospectus has been prepared to, among other matters:

- increase the size of the Wholesale Investor Offer (and the proportionate reduction in the minimum subscription required by Arrovest under the Placement), noting that the total offer size of the Capital Raising will remain at \$265 million;
- update the summary of the control implications resulting from Arrovest's scaled back participation in the Capital Raising in Sections 1.4 (Overview of Arrovest), 4 (Investor Presentation) and 5.5 (Purpose and effect of the Capital Raising on the Company) of the Prospectus;
- provide Eligible Investors with a copy of the revised Note Terms which have been amended to, among other things:
  - adjust certain Noteholder voting thresholds;
  - adjust the mandatory conversion threshold; and
  - provide noteholders with the right to obtain certain information provided by the Company to its senior financiers; and
- clarify the date on which allotment statements will be issued to successful applicants under the Prospectus.

A copy of the Second Supplementary Prospectus (with a full copy of the revised Note Terms) accompanies this announcement. The revised Note Terms are taken to completely replace the original Note Terms which were annexed to the Prospectus.

Arrovest has consented to the amendments to the Note Terms pursuant to the Arrovest Commitment Letter.

## Extraordinary General Meeting

As previously advised, Freedom Foods Group will hold an Extraordinary General Meeting (**EGM**) on Tuesday, 25 May 2021 to seek shareholder approval for a number of resolutions relating to the Recapitalisation.

The increase in the size of the Wholesale Investor Offer will not impact the resolutions being put to shareholders at the EGM. In the event shareholders approve Resolution 2 (being the issuance and conversion of up to 130 million Notes under the Wholesale Investor Offer), the Company will proceed to issue the balance of the Notes being issued under the upsized Wholesale Investor Offer (being 8.9 million Notes) under its existing placement capacity.

The EGM also includes a resolution approving the grant of approximately 40.8 million options to shareholders, other than Arrovest. The options will provide an opportunity for potential future equity participation for shareholders, including those who were not able to participate in the Wholesale Investor Offer.

Investor inquiries:

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*This announcement was authorised by the Board of Directors.*