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## Prospectus for the issue of options

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Prospectus for the offer of 1 Option for approximately every 3.22 Shares held by an Eligible Shareholder as at the Record Date to raise up to a maximum of \$40 million (**Options Issue**).

Options are exercisable at \$0.98 per Option at any time during the period commencing on the Business Day immediately following the release of the Company's annual report for the financial year ending 30 June 2023 and ending on the Expiry Date (**Option Exercise Period**).

The Record Date for participating in the Options Issue is 7:00pm, 23 May 2021.

The Options Issue closes at 5:00pm (Sydney time) on 23 June 2021 (unless extended). Valid Application Forms must be received by that time.

Applications must be submitted in paper form or online via <https://events.miracle.com/fnp-offer>

**No application monies are payable for the grant of Options.**

**Not for release to US wire services or distribution in the United States**

### IMPORTANT

This Prospectus provides important information about the Company and the Options being issued by the Company. You should read the entire document, including your personalised Application Form. This Prospectus is a transaction-specific document issued in accordance with section 713 of the *Corporations Act 2001* (Cth). If you have any questions as to its contents or the course of action you should follow, you should consult your professional adviser.

Legal adviser – Arnold Bloch Leibler

**Arnold Bloch Leibler**  
Lawyers and Advisers

Corporate adviser – Moelis Australia

 **MOELIS**  
AUSTRALIA

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# Important Notice

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## About this Prospectus

This Prospectus is issued by Freedom Foods Group Limited ACN 002 814 235 (**Company**) in relation to an offer of 1 Option for approximately every 3.22 Shares held by an Eligible Shareholder as at the Record Date to raise up to a maximum of \$40 million (**Options Issue**).

**This Prospectus does not provide financial product or investment advice – you should seek your own professional investment advice.**

Eligible Shareholders who wish to participate in the Options Issue are encouraged to submit an Application either in paper form by following the instructions on the Application Form or online via <https://events.miraqle.com/fnp-offer>.

Information in relation to how Eligible Shareholders may apply for Options under the Options Issue is set out in Section 3.

The information given in this Prospectus does not constitute investment advice or financial product advice. This Prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. You should seek your own investment and/or financial advice.

You should read the entire Prospectus and consider all of the risk factors that could affect the performance of the Options or underlying Shares or the Company in light of your own objectives, financial situation and needs before deciding whether to exercise the Options. Some of the risks that should be considered are set out in Section 1. There may also be risks in addition to those set out in Section 1 that should be considered in light of your personal circumstances.

## Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Section 7 defines these words and expressions.

The definitions specific to the Options in the Option Terms are not contained in the Glossary but are extracted with the Option Terms which are annexed to this Prospectus. If there is any inconsistency in definitions between the

Glossary and the Option Terms, the definitions in the Option Terms prevail.

## Financial amounts and times

A reference to time in this Prospectus is to Sydney time unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated. Some numbers in this Prospectus have been rounded.

## Date of this Prospectus

This Prospectus is dated 1 June 2021. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (**ASIC**).

Neither ASIC nor ASX nor any of their respective officers or employees takes any responsibility for the content of this Prospectus. The fact that ASX has admitted the Company to the official list of ASX is not to be taken in any way as an indication of the merits of the Company, the Options or Shares.

The expiry date of this Prospectus is 1 July 2022, being 13 months after the date of issue of this Prospectus. No securities (other than Shares to be issued on exercise of the Options) will be issued on the basis of this Prospectus later than the expiry date.

## Transaction-specific prospectus

This Prospectus is a transaction-specific prospectus for an issue of Options to acquire continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act. As such it does not contain the same level of disclosure a prospectus prepared in accordance with section 710 of the Corporations Act.

This Prospectus is therefore intended to be read in conjunction with the information publicly available in relation to the Company which has been notified to ASX. In providing information in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional

advisors with whom potential investors may consult.

### **No exposure period**

The Options Issue is made pursuant to *ASIC Corporations (Exposure Period) Instrument 2016/74* which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that that section prohibits the Company from issuing Options in the seven calendar day period after the date of lodgement of this Prospectus with ASIC.

### **On-sale of Shares**

This Prospectus has been prepared in respect of the offer of the Options such that the relief provided under *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80* with respect to the on-sale provisions of section 707 of the Corporations Act is available. Specifically, if the Options are issued with disclosure under this Prospectus then any Shares issued upon the exercise of the Options can be on-sold within 12 months of their issue (even if the Shares were issued without disclosure or lodgement of a cleansing statement). This is because the Options are issued with disclosure and the exercise of the Option does not involve any further offer.

### **Obtaining Prospectus and Application Form**

This Prospectus is available online via <https://events.miraqle.com/fnp-offer>.

This Prospectus will generally be made available in electronic form at [www.asx.com.au](http://www.asx.com.au) and will be posted on the Company's website at [www.ffgl.com.au](http://www.ffgl.com.au).

You can obtain a hard copy this Prospectus and the relevant Application Form free of charge by contacting the Company during the Offer Period as detailed in the Corporate Directory.

Any person accessing the electronic version of this Prospectus must be an Eligible Shareholder. Eligible Shareholders who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this Prospectus is not available to persons in the United States or elsewhere outside Australia, New Zealand and Singapore. Options will only be issued on the basis of an electronic version of this Prospectus if the Company or Link has received a valid Application Form.

The Options Issue detailed in this Prospectus is only available to persons receiving this Prospectus that are Eligible Shareholders.

Applications will only be accepted on the relevant Application Form submitted in paper by following the instructions on the Application Form or online via <https://events.miraqle.com/fnp-offer>. Application Forms will be personalised and will set out the maximum Option entitlement for each Eligible Shareholder.

Eligible Shareholders who wish to access the Prospectus or submit an electronic Application Form online via <https://events.miraqle.com/fnp-offer> will be required to provide their SRN/HIN.

The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, a paper version of this Prospectus or a complete and unaltered electronic version of this Prospectus.

An Application for Options by Eligible Shareholders will only be accepted by following the instructions on the Application Form as described in Section 3 of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

### **Disclaimer and no representations other than as set out in this Prospectus**

No person is authorised to give any information or to make any representation in connection with the Options Issue that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied upon as having been authorised by the Company, its Directors or any other person in connection with the Options Issue. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Except as required by law and then only to the extent so required, none of the Company, its Directors or associates warrants or guarantees the future performance of the Company, the Options or any Shares issued on exercise of

the Options or any return on any investment made pursuant to this Prospectus.

### **Future performance and forward-looking statements**

This Prospectus contains certain “forward-looking statements”. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘may’, ‘could’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘anticipate’, ‘project’, ‘foresee’, ‘likely’, ‘should’, ‘target’, ‘plan’, ‘consider’, ‘aim’, ‘will’, ‘predict’, ‘outlook’, ‘guidance’ and other similar words or expressions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of the Company, the outcome and effects of the Options Issue and the use of proceeds. To the extent that certain statements contained in this Prospectus may constitute “forward-looking statements” or statements about “future matters”, the information reflects only the Company’s intent, belief or expectations (and no other person’s intent, belief or expectations) as at the date of this Prospectus. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Prospectus in light of those disclosures and not place reliance on such statements. Any forward-looking statements, opinions and estimates in this Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither the Company nor its related bodies corporate or affiliates nor its Directors, officers, partners employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur or not occur (as the case may be). In addition, please note that past performance should not be relied upon as (and

is not) an indication or guarantee of future performance.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

### **Past performance**

The Company released its quarterly cashflow statement and quarterly activity statement for the period ended 31 March 2021 on 30 March 2021. The Company also made disclosures as to past performance in its prospectus dated 19 March 2021. These documents (among others) can be read and/or downloaded from the Company’s website: [www.ffgl.com.au](http://www.ffgl.com.au). See Section 6.3 for further details.

Eligible Shareholders should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company’s future performance including future Share price performance.

### **Financial information**

#### ***Non-IFRS financial measures***

Certain financial data included in, or incorporated by reference into, the Prospectus are non-IFRS financial information under ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) or non-GAAP financial measures under Regulation G issued by the US Securities and Exchange Commission. These non-IFRS/non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although the Company believes any non-IFRS/non-GAAP financial measures included in this Prospectus provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial measures included in this Prospectus.

## **Pro forma financial information**

The Prospectus contains pro forma financial information showing the proposed application of the proceeds of the Options Issue. The pro forma financial information provided is for illustrative purposes only and should not be relied upon as it is not represented as being indicative of the Company's future financial condition and/or performance.

## **Offering restrictions**

This Prospectus and an Application Form do not constitute an offer in any place or country in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Options in any jurisdiction other than Australia, New Zealand and Singapore. The Prospectus and Application Form will only be available to Eligible Shareholders with a registered address in Australia, New Zealand or Singapore. The Options Issue is not being extended to any Shareholder outside of Australia, New Zealand or Singapore.

The distribution of this Prospectus and an Application Form (including an electronic copy) in jurisdictions outside of 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. In particular, this Prospectus does not, and is not intended to, constitute an offer of securities in the United States or any other jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. The Options and the underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Options and the underlying Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 6.8 on foreign selling restrictions.

## **Privacy Disclosure**

Refer to the information in the privacy statement in Section 6.16. It is important that you understand that by submitting an Application Form via <https://events.miraqle.com/fnp-offer> and

applying for Options you consent to the matters outlined in that statement.

## **Company's website**

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

## **Diagrams**

Diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

## **Where can I obtain further information about the Company and the Options?**

The Company is a disclosing entity for the purposes of the Corporations Act and as a result is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. The Company must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities. Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from [www.ffgl.com.au](http://www.ffgl.com.au).

In addition, the following information can be obtained from [www.ffgl.com.au](http://www.ffgl.com.au):

- the Company's quarterly, half-yearly and annual financial reports;
- all continuous disclosure notices lodged by the Company with ASX; and
- all other general information provided by the Company to its Shareholders and investors.

## **Enquiries**

If you have any questions in relation to the Options Issue, the Options or the Application Form, please call the Options Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) between 8:30am to 5:30pm Monday to Friday during the Offer Period.

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# Chair's Letter

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Dear Shareholder

On 19 March 2021, Freedom Foods Group Limited (**Freedom Foods Group** or the **Company**) announced its plan to recapitalise the business and restructure the Company's remaining senior debt facilities (**Recapitalisation**).

As part of the Recapitalisation, the Company sought Shareholder approval to undertake the Recapitalisation and to issue listed options to Eligible Shareholders (**Options**). As those Shareholder approvals were obtained, on behalf of the Board I am pleased to extend this offer of 1 Option for approximately every 3.22 Shares held by a Shareholder with a registered address in Australia, New Zealand or Singapore (excluding Arrovest) as at the Record Date, being 7:00pm on 23 May 2021 (**Eligible Shareholders**), to raise up to a maximum of \$40 million (**Options Issue**). Any Options issued to Eligible Shareholders in Singapore will be made pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

As described in this Prospectus, Eligible Shareholders are able to apply for Options at no cost by submitting a valid Application Form. Options may be exercised to acquire fully paid ordinary shares in the Company at an exercise price of \$0.98 (**Exercise Price**) at any time during the period commencing on the Business Day immediately following the release of the Company's annual report for the financial year ending 30 June 2023 and will expire six years from the Issue Date, being 28 June 2027 (**Option Exercise Period**). The Company will apply for the Options to be tradeable on ASX.

The purpose of issuing the Options is to provide Eligible Shareholders with potential future equity upside in the Company in circumstances where investors in the Notes Capital Raising also have the ability to participate in any future upside of the Company upon conversion of the convertible notes (**Notes**) into Shares. The Company considers that the Options are the most appropriate structure as Eligible Shareholders do not need to pay any upfront fee for acquiring the Options. Rather, Option Holders will have the benefit of assessing whether the Company is successfully implementing its business turnaround before having the right, but not the obligation, to pay the Exercise Price to acquire Shares. The Board remains committed to managing the capital structure of the Company in a manner that provides optimal value for Shareholders.

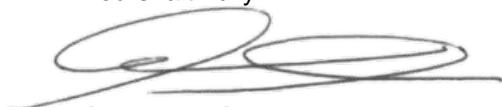
This Prospectus contains information about the Company and the Options Issue. You should read this Prospectus carefully before deciding whether to deal in or exercise the Options.

The Options Issue closes at 5:00pm (Sydney time) on 23 June 2021. To participate, Eligible Shareholders must complete their Application Form in paper form or online via <https://events.miraqle.com/fnp-offer> by following the instructions set out on the Application Form. Application Forms will be personalised and will set out the maximum Option entitlement for each Eligible Shareholder. See Section 3 of this Prospectus for further information.

If, after reading this Prospectus, you have any questions about the Options Issue or the Options, please call the Options Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) between 8:30 am and 5:30 pm (Sydney time), Monday to Friday. I also encourage you to seek advice from your financial adviser or other licenced professional adviser.

On behalf of the Directors and the Company's management team, thank you for your ongoing support.

Yours faithfully



Genevieve Gregor  
Chair & Non-Executive Director

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## Action required by Eligible Shareholders

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If you are an Eligible Shareholder (as defined in Section 2.3(b)) and you have received this Prospectus you may take one of the following actions:

### **1. Complete the Application Form to participate in the Options Issue.**

Eligible Shareholders will be able to apply for, at no cost, 1 Option for approximately every 3.22 Shares held as at 7:00pm (Sydney time) on 23 May 2021. Fractional entitlements will be rounded to the nearest whole Share.

The Options are ASX-listed options to acquire Shares in the Company exercisable at \$0.98 per Option with a six-year term. Options may be exercised at any time during the period commencing on the Business Day immediately following the release of the Company's annual report for the financial year ending 30 June 2023 and ending on the Expiry Date. Each Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share.

You should read the entire Prospectus and consider all of the risk factors that could affect the performance of the Options or underlying Shares or the Company in light of your own objectives, financial situation and needs before deciding whether to exercise the Options. Some of the risks that should be considered are set out in Section 1. There may also be risks in addition to those set out in Section 1 that should be considered in light of your personal circumstances.

Completed Application Forms must be received by no later than 5:00pm on 23 June 2021. Application Forms will be personalised and will set out the maximum Option entitlement for each Eligible Shareholder. You are encouraged to submit your Application Form as early as possible. Please see Section 3 for further information.

### **2. Do nothing, in which case you will not participate in the Options Issue.**

If you do not wish to participate in the Options Issue, you will not be issued any Options and, upon exercise of the Options, you may be diluted.

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## Key Details and Important Dates

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### Key Options details

Expected ASX code for Options	“FNPO”
Issue Price	Nil. No monies are payable for the issue of the Options.
Exercise Price	\$0.98 per Option*
Maximum number of Options issued under the Prospectus	up to 40,816,326
Number of Shares held by Eligible Shareholders on issue as at the date of this Prospectus	131,553,319
Maximum proceeds to be raised assuming all 40,816,326 Options are issued and exercised	Maximum of \$40 million

\*Subject to adjustments in accordance with the Option Terms.

### Indicative timetable of important dates

Record Date	7:00pm, 23 May 2021
Prospectus lodged with ASIC and ASX	1 June 2021
Options Issue opens	9:00am on 2 June 2021
Options Issue closes (last date for lodgement of Application Form)	5:00pm on 23 June 2021
Issue of Options and holding statements to Eligible Shareholders	28 June 2021
Expected date of quotation of Options on ASX	30 June 2021
Expiry Date of Options	28 June 2027

### Dates may change

The key dates for the Options and the Options Issue are indicative only and may change without notice. The Company reserves the right to vary the dates set out above, including by extending the Closing Date of the Options Issue, accepting late Applications or withdrawing the offer made under the Options Issue at any time before the Options are issued, subject to the Corporations Act and other applicable law.

Cooling off rights do not apply to an Application for Options. You cannot withdraw your Application once it has been accepted. Eligible Shareholders wishing to participate in the Options Issue are encouraged to submit their Application Form as soon as possible after the Options Issue opens.

# 1 Overview

The information set out in this Section 1 is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to deal in or exercise any Options that are issued to you, you should read this Prospectus carefully and in its entirety and obtain professional advice which takes into account your particular investment objectives, financial situation and needs from a professional adviser who is licensed by ASIC to give such advice.

Topic	Summary	Where to find more information
<b>1.1 Overview of the Options Issue</b>		
<b>What is the Options Issue?</b>	The Options Issue is an offer of 1 Option for approximately every 3.22 Shares held by an Eligible Shareholder as at the Record Date to raise up to a maximum of \$40 million.	Section 2.3(e)
<b>What are the Options?</b>	The Options are ASX-listed options to acquire Shares in the Company exercisable at \$0.98 per Option with a six-year term. The Options may be exercised at any time during the Option Exercise Period. Each Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share.  A copy of the Option Terms is annexed to this Prospectus.	Option Terms
<b>Who is an Eligible Shareholder?</b>	An Eligible Shareholder is a Shareholder in the Company (excluding Arrovest Pty Ltd) with a registered address in Australia, New Zealand or Singapore as at the Record Date.	Section 2.3(b)
<b>Why is the Company issuing Options to Eligible Shareholders?</b>	<p>On 19 March 2021, the Company announced its recapitalisation plan which completed on 27 May 2021 (<b>Recapitalisation</b>).</p> <p>Among other things, the Recapitalisation involved:</p> <ul style="list-style-type: none"> <li>the Company raising \$265 million by way of the issuance of unlisted, subordinated and secured convertible notes (<b>Notes Capital Raising</b>);</li> <li>repaying \$231 million of the Company's existing debt; and</li> <li>amending the Company's existing senior secured debt facilities.</li> </ul> <p>On 25 May 2021, the Company held an Extraordinary General Meeting at which it sought and obtained Shareholder approval for, among other things, the issue of Options to Eligible Shareholders, including several current and former Directors of the Company. Any Options issued to Eligible Shareholders in Singapore will be made pursuant to the Company's placement capacity under ASX Listing Rule 7.1.</p> <p>The purpose of issuing the Options is to provide Eligible Shareholders with potential future equity upside in the Company in circumstances where investors in the Notes Capital Raising also have the ability to participate in any future upside of the Company upon conversion of the convertible notes (<b>Notes</b>) into Shares. The Company considers that the Options are the most appropriate structure as Eligible Shareholders do not need to pay any upfront fee for acquiring the Options. Rather, Option Holders will have the benefit of assessing whether the Company is successfully implementing its business turnaround before having the right, but not the obligation, to pay the Exercise Price to acquire Shares.</p> <p>The Company has determined that its majority Shareholder, Arrovest Pty Ltd ACN 117 953 205 (<b>Arrovest</b>) will not be entitled to apply for Options given it has already subscribed for \$126.1 million in Notes under the Notes Capital Raising.</p>	Sections 2.1
<b>How much does the Company seek to raise from the Options?</b>	If the maximum number of 40,816,326 Options are issued and exercised, the Company will raise approximately \$40 million.	Section 2.1
<b>How will the proceeds be used?</b>	Any proceeds received by the Company after the Options are exercised will be used for working capital purposes.	Section 2.2

Topic	Summary	Where to find more information															
<b>Is the Company required to seek Shareholder approval to issue the Options?</b>	The Company obtained Shareholder approval to issue the Options on 25 May 2021. No further Shareholder approval is required – Options issued to Eligible Shareholders in Singapore will be made pursuant to the Company's placement capacity under ASX Listing Rule 7.1.	Section 2.1															
<b>Will the Options be listed on the ASX?</b>	The Company intends that the Options will be quoted on ASX and will apply to ASX for quotation within seven days of this Prospectus. Options are expected to be listed on ASX under the code "FNPO".	Section 2.3(f)															
<b>How can I apply?</b>	Applications can be made by Eligible Shareholders by completing the Application Form in paper form or online via <a href="https://events.miraqle.com/fnp-offer">https://events.miraqle.com/fnp-offer</a> in accordance with the instructions set out on that form. Application Forms will be personalised and will set out the maximum Option entitlement for each Eligible Shareholder.  Completed Application Forms must be received by no later than 5.00 pm (Sydney time) on 23 June 2021. Applicants are encouraged to submit their Application Form as early as possible. No monies are payable on submitting an Application Form.  Any Eligible Shareholder who submits an Application Form will be taken to have made the representations and warranties set out in Section 6.7.	Section 3															
<b>When do I apply?</b>	If you are an Eligible Shareholder, you must complete the Application Form by the Closing Date.	Key Dates															
<b>How many Options can I apply for?</b>	If you are an Eligible Shareholder, you may apply for 1 Option for approximately every 3.22 Shares you hold as at the Record Date. Fractional entitlements will be rounded to the nearest whole Share.	Section 2.3(e)															
<b>What happens if I am not an Eligible Shareholder?</b>	If you are an Ineligible Shareholder, you are not entitled to apply for Options. If you receive this Prospectus but you are an Ineligible Shareholder, please disregard.	Section 2.3(c)															
<b>When will the Options be issued?</b>	The Company expects that the Options will be issued on 28 June 2021.	Section 2.3(e)															
<b>When will the holding statements be despatched?</b>	The Company expects that the holding statements for the Options will be issued on 28 June 2021.	Section 2.3(e)															
<b>Is brokerage, commission or stamp duty payable?</b>	No brokerage, commission or stamp duty is payable on your Application.	-															
<b>1.2 Effect of the Options Issue</b>																	
<b>Effect on capital structure</b>	The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Options Issue is set out below:	Section 4.3															
	<table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Convertible redeemable preference shares</th> <th>Notes</th> <th>Options</th> </tr> </thead> <tbody> <tr> <td>Existing securities as at date of Prospectus</td> <td>277,109,319</td> <td>101,130</td> <td>265,000,000</td> <td>-</td> </tr> <tr> <td>Total securities on issue following completion of the Options Issue where the maximum number of Options are issued</td> <td>277,109,319</td> <td>101,130</td> <td>265,000,000</td> <td>40,816,326</td> </tr> </tbody> </table>			Shares	Convertible redeemable preference shares	Notes	Options	Existing securities as at date of Prospectus	277,109,319	101,130	265,000,000	-	Total securities on issue following completion of the Options Issue where the maximum number of Options are issued	277,109,319	101,130	265,000,000	40,816,326
			Shares	Convertible redeemable preference shares	Notes	Options											
Existing securities as at date of Prospectus	277,109,319	101,130	265,000,000	-													
Total securities on issue following completion of the Options Issue where the maximum number of Options are issued	277,109,319	101,130	265,000,000	40,816,326													

Topic	Summary					Where to find more information
	Total securities on issue if: - the maximum number of Options are issued and exercised at the Expiry Date - no Notes have been converted	317,925,645	101,130	265,000,000	-	
	Total securities on issue if: - the maximum number of Options are issued and exercised at the Expiry Date - all Notes have been converted	845,687,640	101,130	-	-	
For further information, please refer to Section 4.3.						
<b>Effect on financial position</b>	No cash is raised by the Company on issue of the Options. Rather, proceeds will be raised by the Company as and when the Options are exercised. If all 40,816,326 Options are issued pursuant to this Prospectus and are exercised by the Expiry Date, the cash reserves of the Company would increase by approximately \$40 million.					Section 2
<b>1.3 Key features of the Options</b>						
<i>This Section does not contain an exhaustive summary of the Option Terms – a copy of the Option Terms is annexed to this Prospectus. It is important that you read the information in the Prospectus (including the Option Terms) in full. If you are unclear in relation to any aspect of the Options Issue or the Options Terms, you should consult your professional adviser.</i>						
<b>Issuer</b>	Freedom Foods Group Limited ACN 002 814 235 ( <b>Company</b> ), being a company listed on the ASX.					Option Terms
<b>Issue Date</b>	28 June 2021.					
<b>Issue price</b>	Nil. No monies are payable for the grant of Options.					
<b>Exercise Price</b>	\$0.98 (subject to certain adjustments described in the Option Terms). Each Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share.					
<b>Option Exercise Period</b>	Options may be exercised at any time during the period commencing on the Business Day immediately following the release of the Company's annual report for the financial year ending 30 June 2023 and ending on the Expiry Date.					
<b>Expiry Date</b>	6 years after the Issue Date, unless the Options are exercised earlier.					
<b>Ranking</b>	Subject to the Constitution, Shares issued on exercise of the Options will rank equally with all other issued Shares. A summary of the rights attaching to Shares is set out in Section 6.5.					
<b>Voting entitlements</b>	The Options confer no rights on an Option Holder to receive notice of a general meeting of Shareholders (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.					
<b>Quotation</b>	The Company intends that the Options will be quoted on ASX and will apply to ASX for quotation within seven days of this Prospectus. Options are expected to be listed on ASX under the code "FNPO".					Section 2.3(f)
<b>1.4 Key risks associated with dealing in and exercising Options</b>						
<i>Eligible Shareholders should be aware that dealing in and exercising Options involves various risks. These risks are addressed in more detail in Section 1. If you are unclear in relation to any aspect of the Options Issue or the Options Terms, you should consult your professional adviser.</i>						
<b>Quotation</b>	If the Company's application for the Options to be quoted on ASX is granted, the trading price of the Options may be affected by the ongoing performance, financial position and solvency of the Company and its Subsidiaries.					Section 5.2

Topic	Summary	Where to find more information
<b>Liquidity of the Options</b>	There is no guarantee the Options will trade on ASX or that there will be a liquid market for the Options. If Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the exercise price paid for those Shares.	Section 5.2
<b>Dilution</b>	If the Options are exercised, the Company will issue Shares to the Option Holders as set out in this Prospectus. If you are an Eligible Shareholder and you do not apply for Options, your shareholding may be diluted.  It is not possible to predict what the value of the Company's Shares will be following completion of the Options Issue, or at the time the Options are exercised, and the Directors do not make any representation to such matters. The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after completion of the Options Issue.	Section 5.2
<b>Market price and liquidity of Shares</b>	Any volatility in the market price of the Shares may cause volatility in the price of the Options and may affect your ability to sell or trade your Options at all, or at an acceptable price. In addition, if Option Holders receive any Shares following the exercise of the Options, Option Holders who wish to sell the Shares may be unable to do so at an acceptable price, or at all, if the market for Shares is illiquid.	Section 5.2
<b>The Options are subject to changes of law</b>	The Option Terms are governed by the laws of New South Wales. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.	Section 5.2
<b>Future dividends and franking</b>	For so long as the Notes are outstanding, the Company is restricted from paying dividends or other distributions. Once the Notes have been redeemed or converted as described in the Notes Prospectus, any future determination as to the payout of dividends will be at the discretion of the Directors. Under the Option Terms, the Options do not carry any dividend entitlement until they are exercised and the Option Holder becomes the registered holder of Shares. No assurance in relation to the future payment or franking of dividends can be given by the Company.	Section 5.2
<b>Further issues of securities and dilution</b>	The Option Terms do not restrict the Company from issuing further Shares or other securities. Additional offerings of securities in the future may depress the price of Shares already on issue and of the Options.	Section 5.2
<b>Arrovest control implications</b>	Arrovest's participation in the Notes Capital Raising, and the conversion of the Notes issued to it, will have significant impacts on the Company's capital structure and may dilute current Shareholders.	Section 5.2
<b>Inflation rate risk</b>	An increase in the inflation rate may negatively impact the profitability of the Company or the market value of the Shares or Options including as a result of the increase in the Company's expenses.	Section 5.2
<b>Change in the Australian tax system</b>	Any future change in Australian tax law may affect the taxation treatment of the holding, disposal and exercise of Options and the market price of the Options.	Section 5.2
<b>Review of accounting procedures</b>	The Company's senior management team has been tasked with responsibility for developing an enhanced accounting policy and interpretation framework, together with an enhanced internal control framework. There is a risk that management may implement controls which are insufficient to prevent similar deficiencies moving forward.	Section 5.2
<b>Shareholder limits</b>	Various laws may restrict the number of Shares that any person may hold. Option Holders should take care to ensure that their holding of the Options (and any Shares that they could hold upon exercise of those Options) do not breach any applicable restrictions on ownership.	Section 5.2
<b>Amendment to Option Terms</b>	The Option Terms may only be amended if Shareholders approve the amendment at a general meeting. Subject to the ASX Listing Rules, no amendment can be made to the Option Terms which will reduce the Exercise Price, extend the Option Exercise Period or increase the number of Shares received on exercising the Options.	Section 5.2
<b>1.5 Key risks associated with the Company</b>		
<i>There are a number of risks associated with an investment in the Company. Some key risks are included in this Section 1.5. These and other risks are addressed in more detail in Section 5.3 and elsewhere in this</i>		

Topic	Summary	Where to find more information
<i>Prospectus and should be considered by prospective investors before deciding whether to invest in the Company.</i>		
<b>Going concern</b>	Whilst the Company considers that completion of the Notes Capital Raising will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Shareholders to other risks set out in the Notes Prospectus which may impact the Company's ability to continue as a going concern.	Section 5.3
<b>Litigation</b>	<p>The Company is currently and may in the future be subject to regulatory actions, litigation, investigations or other proceedings, whether arising from ASIC notices, the Corporations Act, ASX Listing Rules or otherwise, any of which may result in litigation and which could have a material adverse impact on the financial and operation performance and financial position of the Company.</p> <p>Two shareholder class actions have been lodged against the Company. Those claims allege that the Company failed to comply with its continuous disclosure obligations or disclosure obligations under the Corporations Act and ASX Listing Rules in connection with equity capital raisings and made statements which are misleading and deceptive in breach of the Corporations Act, the Australian Consumer Law and the ASIC Act. There is a risk that additional shareholder class actions may be commenced against the Company. It is not currently possible to determine the outcome of these class actions or any other proceedings, and what the financial impact of such proceedings, if any, may be for the Company.</p> <p>The Company is also subject to other litigation and other claims and disputes, and may be subject to future litigation and other claims and disputes in the ordinary course of business, including contractual disputes and workplace claims. Such litigation, claims and disputes, including the costs of settling claims, and any associated operational impacts, may be costly and damaging to the Company's reputation and business relationships, which may have an adverse effect on the Company's business and operations.</p>	Section 5.3
<b>Regulatory investigations and reviews</b>	The Company is currently the subject of a regulatory investigation commenced by ASIC in relation to suspected contraventions of the Corporations Act. While the Company is cooperating with ASIC, there can be no assurance that ASIC will not commence enforcement action or take other actions such as the issuance of an infringement notice.	Section 5.3
<b>Company's growth strategies may not achieve their objectives</b>	There is a risk that the implementation of the Company's growth strategies could be subject to delays or cost overruns.	Section 5.3
<b>Failure to achieve turnaround objectives</b>	If the Company's strategies and initiatives are ineffective, poorly implemented or implemented later than expected, or are more costly than anticipated, the Company may not meet its objectives, which could have a materially adverse effect on the Company's financial and operational position.	Section 5.3
<b>Manufacturing disruption</b>	Any material disruption to key parts of the manufacturing process may result in a failure to meet contractual sales volumes, loss of sales and revenue, termination of contracts, litigation and reputational damage.	Section 5.3
<b>Workplace health and safety</b>	The Company must comply with various health and safety laws and there is a risk that penalties for the violation of health and safety laws may be imposed on the Company and have an adverse effect on the Company's reputation, profitability and growth.	Section 5.3
<b>Competition</b>	<p>New entrants, a material adverse change to the competitive environment or new initiatives implemented by competitors may have an adverse material impact on the operating and financial performance of the Company and its Subsidiaries.</p> <p>In addition, in order to stay competitive, the Company may need to adjust its pricing models and/or invest significantly more in marketing and/or new product development.</p>	Section 5.3
<b>Changing consumer</b>	Consumer tastes and buying preferences in relation to the Company's products are constantly changing. The Company can be at risk of its	Section 5.3

<b>Topic</b>	<b>Summary</b>	<b>Where to find more information</b>
<b>preferences in competitive markets</b>	products being replaced in key channels by products produced by its competitors. Any reduction in the Company's product sales and market shares in each segment may impact its financial performance in the short, medium, and long term.	
<b>Pandemic risks</b>	The Company's operations and Share price may be adversely affected in the short to medium term by the uncertainty caused by COVID-19. Any further virus outbreaks in Australia or overseas may adversely affect the Company's business operations and financial performance beyond the control of the Company.	Section 5.3
<b>Inventory management</b>	If the Company is not able to sell products it produces in sufficient time to meet the minimum life on receipt requirements of its customers, that stock may become at risk of becoming out of date and unusable, in which case that product would need to be destroyed and its value written off.	Section 5.3
<b>Quality and food safety</b>	The Company is exposed to risks in the entire product chain relating to food safety, product or packaging quality and food integrity issues that may result in injury or harm to customers.	Section 5.3
<b>Key personnel</b>	There is a risk that certain employees in key roles will leave the Company, the loss of whom could have a material adverse effect on the Company.	Section 5.3
<b>Culture and talent</b>	While the Company has procedures in place to foster a positive corporate culture, poor culture can lead to a lack of trust, poor decision making, increased employee turnover and reduced motivation. These outcomes may have a material adverse impact on the Company's operations and financial performance.	Section 5.3
<b>Failure of internal risk controls</b>	The Company has been in the process of developing and implementing improved risk management and governance frameworks. Failure to adequately design, implement and abide by these risk management policies and practices may lead to an inability of the Company to mitigate future risk exposures and/or breaches of regulatory obligations.	Section 5.3
<b>Credit risks</b>	Credit market conditions and the operating performance of the Company will affect borrowing costs as well as the Company's capacity to repay, refinance and increase its debt.	Section 5.3
<b>Exchange rate</b>	While the Company may seek to hedge part of its foreign currency exposure or sell to export customers in AUD rather than foreign currency, movements in the exchange rates will have an impact on the financial performance of the Group.	Section 5.3
<b>Access to financial resources</b>	Access to equity and debt markets may change from time to time based on economic and financial markets conditions, geopolitical issues in the markets in which the Company operates, the risk appetite of banks and other credit providers, the investment appetite of equity investors and the view of the Company as a suitable party to extend credit to or invest in.	Section 5.3
<b>Leverage and debt arrangements</b>	While the proceeds of the Notes Capital Raising have been utilised to reduce the Company's senior secured debt, the Notes will be classified as a non-current liability on the Company's balance sheet and, accordingly, the Company will continue to have high leverage while the Notes remain outstanding.	Section 5.3
<b>Other Company specific risks in relation to its business and operations</b>	The Company is exposed to other further specific risks relating to its business and operations including: <ul style="list-style-type: none"> <li>• intellectual property;</li> <li>• reputation and brand names;</li> <li>• new products and innovations;</li> <li>• relationships with suppliers;</li> <li>• finished goods and raw material price changes;</li> <li>• product liability and compliance;</li> <li>• supply chain;</li> <li>• insurance;</li> </ul>	Section 5.3

Topic	Summary	Where to find more information
	<ul style="list-style-type: none"> <li>• delisting of a significant number of product lines by a major customer;</li> <li>• divestment of non-core assets;</li> <li>• additional funding;</li> <li>• doing business in export markets;</li> <li>• the Australia-China trade relations;</li> <li>• animal welfare;</li> <li>• environment;</li> <li>• climate change;</li> <li>• failure in information, technology and communication systems;</li> <li>• taxation implications; and</li> <li>• change in laws, regulations and policies.</li> </ul>	
<b>General risks</b>	The above risks are not an exhaustive list of the potential risks faced by Option Holders, Shareholders or the Company. There are a number of general commercial risk factors and general market risks that could adversely affect the Company's financial performance, position or prospects. You should carefully consider all the risk factors set out in Section 1 before deciding to deal in or exercise the Options.	Section 1
<b>1.6 More information</b>		
<p>If, after you read this Prospectus, you have any questions regarding the Options or the Application Form, please contact your financial adviser or other professional adviser.</p> <p>You can also call the Options Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) between 8:30am to 5:30pm Monday to Friday during the Offer Period.</p>		

## 2 Details of Options Issue

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### 2.1 Overview of the Options Issue

On 27 May 2021, the Company completed its Recapitalisation plan which was announced on 19 March 2021. As a result of completing the Recapitalisation, the Company has:

- (a) raised \$265 million by way of the issuance of unlisted, subordinated and secured convertible notes (**Notes**);
- (b) repaid \$231 million of the Company's existing debt; and
- (c) amended the Company's existing senior secured debt facilities as described in the Notes Prospectus issued by the Company in respect of the offer of the Notes.

A detailed overview of the Recapitalisation, and the benefits of the Recapitalisation, are described in the Notes Prospectus and the meeting materials provided to Shareholders in relation to the Extraordinary General Meeting held on 25 May 2021 where Shareholders approved the Recapitalisation and the issuance of the Options.

As part of the Recapitalisation, the Company has determined to offer 1 Option for approximately every 3.22 Shares held by an Eligible Shareholder, being a Shareholder in the Company (excluding Arrovest Pty Ltd ACN 117 953 205 (**Arrovest**)) with a registered address in Australia, New Zealand or Singapore as at 7:00pm on 23 May 2021 (**Record Date**), to raise up to a maximum of \$40 million. Fractional entitlements will be rounded to the nearest whole Share.

At the Extraordinary General Meeting held on 25 May 2021, the Company's Shareholders gave approval for the issuance of the Options to Eligible Shareholders in Australia and New Zealand. Options will be issued to Eligible Shareholders in Singapore pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

The purpose of issuing the Options is to provide Eligible Shareholders with potential future equity upside in the Company in circumstances where investors in the Notes Capital Raising also have the ability to participate in any future upside of the Company upon conversion of the Notes into Shares. The Company considers that the Options are the most appropriate structure as Eligible Shareholders do not need to pay any upfront fee for acquiring the Options. Rather, Option Holders will have the benefit of assessing whether the Company is successfully implementing its business turnaround before having the right, but not the obligation, to pay the Exercise Price to acquire Shares.

The Company has determined that its majority Shareholder, Arrovest, will not be entitled to apply for Options given it has already subscribed for \$126.1 million in Notes under the Notes Capital Raising.

### 2.2 Use of proceeds

If the maximum number of 40,816,326 Options are issued and exercised, the Company will raise approximately \$40 million.

The proceeds received by the Company if any Options are exercised will be used for working capital purposes.

## 2.3 Options Issue details

### (a) Overview

This Prospectus provides details of the Options being offered to Eligible Shareholders in the Company.

The maximum number of Options that can be issued is 40,816,326 and will, upon exercise, raise up to \$40 million. Each Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share.

References to “you” in this Section 2 are references to Eligible Shareholders.

If you wish to participate in the Options Issue, you must submit an Application Form in paper form or online via <https://events.miraqle.com/fnp-offer> by following the instructions set out on that form. No funds are payable on submitting an Application Form.

You should read this Prospectus carefully before making any decisions in relation to the Option Issue, the Options or the Shares.

### (b) Who is an Eligible Shareholder?

Any person who is an Eligible Shareholder may apply for the issue of Options pursuant to this Prospectus. An Eligible Shareholder is a Shareholder in the Company (excluding Arrovest) with a registered address in Australia, New Zealand or Singapore as at the Record Date, being 7:00pm on 23 May 2021.

### (c) Who is an Ineligible Shareholder?

Any Shareholder that is not an Eligible Shareholder is an Ineligible Shareholder and is not entitled to be issued Options. If you receive this Prospectus but you are an Ineligible Shareholder, please disregard.

### (d) Offer Period

The Options Issue opens at 9:00am (Sydney time) on 2 June 2021 and will close at 5:00pm (Sydney time) on 23 June 2021 (**Offer Period**).

### (e) Issue of Options

If you are an Eligible Shareholder, you may apply for 1 Option for approximately every 3.22 Shares you hold as at the Record Date.

Options will be issued to Eligible Shareholders on 28 June 2021 and holding statements will be despatched on that same date.

Eligible Shareholders may contact Link after 2 June 2021 on the Options Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) between 8:30am to 5:30pm Monday to Friday during the Offer Period to seek confirmation of their Option allocation.

### (f) Quotation

The Company intends that the Options will be quoted on ASX and will apply to ASX for quotation within seven days of this Prospectus.

Options are expected to be listed on ASX under the code “FNPO”.

(g) **Foreign Shareholders**

The distribution of this Prospectus and Application Form in jurisdictions outside of Australia may be restricted by law. In particular, this Prospectus may not be distributed in the United States. If you are an Eligible Shareholder and you come into possession of this Prospectus, then you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Options in any jurisdiction outside of Australia, New Zealand and Singapore.

The Company reserves the right to reject any Application which it believes comes from a person who is not an Eligible Shareholder.

## **2.4 Underwriting**

The Options Issue is not underwritten.

## **2.5 Disclaimer**

The Company reserves the right to determine whether a person is an Eligible Shareholder. Please see Section 2.3(b) of this Prospectus for more information.

Please also refer to Section 6.7 of this Prospectus which sets out the representations and warranties which accepting Eligible Shareholders will be deemed to have given (including confirming that they are an Eligible Shareholder) by completing and submitting their Application Form.

The Company, its respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether a person is an Eligible Shareholder or an Ineligible Shareholder.

## **2.6 Tax implications**

The taxation consequences of being granted Options will depend on an Eligible Shareholder's particular circumstances. It is each Eligible Shareholder's responsibility to make their own enquiries concerning the taxation consequences of dealing in or exercising any Options, or dealing in any Shares issued on exercise of the Options.

The Directors do not consider that it is appropriate to give Eligible Shareholders advice regarding the taxation consequences of being granted Options under this Prospectus or exercising Options as it is not possible to provide a comprehensive summary of the possible taxation positions of all Eligible Shareholders. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Eligible Shareholders in respect of the Options Issue or any subsequent dealing or exercise of the Options or Shares issued on exercise of the Options.

Before deciding whether to exercise your Options, you should consider whether the Shares to be issued and allotted on exercise of the Options are a suitable investment for you. Please refer to the risks set out in Section 1. If you are in doubt as to the course you should follow, you should seek professional advice.

## **2.7 Enquiries**

If you have any questions about the Recapitalisation, the Options Issue, the Options or the Shares please call the Options Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) between 8:30am to 5:30pm Monday to Friday during the Offer Period. If you are unclear in relation to any matter relating to the Options or the Shares, you should seek advice from your professional adviser.

## **3 Action required by Eligible Shareholders**

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### **3.1 Fill out an Application Form**

Eligible Shareholders who wish to participate in the Options Issue should complete and submit either a paper Application Form or an electronic Application Form via <https://events.miraqle.com/fnp-offer> in accordance with the instructions set out on that form. Applications will not be accepted in any other form.

Eligible Shareholders who wish to submit an electronic Application Form online via <https://events.miraqle.com/fnp-offer> will be required to provide their SRN/HIN.

Application Forms will be personalised and will set out the maximum Option entitlement for each Eligible Shareholder.

Completed Application Forms must be received by no later than 5.00 pm (Sydney time) on 23 June 2021. Applicants are encouraged to submit their Application Form as early as possible.

No funds are payable on submitting an Application Form. No brokerage, stamp duty or other costs are payable by Applicants.

Options will be issued to Eligible Shareholders on 28 June 2021 and holding statements will be despatched on that same date.

Application Forms will not be accepted at the Company's registered or corporate offices. Eligible Shareholders must follow the instructions on the Application Form when returning an Application Form.

### **3.2 Ineligible Shareholders**

Ineligible Shareholders are not entitled to participate in the Options Issue. If you receive this Prospectus and a personalised Application Form but you are an Ineligible Shareholder, please disregard.

### **3.3 Returning an Application Form**

By submitting your personalised Application Form, you will be deemed to have given certain representations and warranties to the Company. Please see Section 6.7 for further information.

Eligible Shareholders who wish to submit a paper Application Form should be aware of potential postage and mailing delays in Australia.

### **3.4 Enquiries**

If you have any questions about the Recapitalisation, the Options Issue, the Options or the Shares please call the Options Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) between 8:30am to 5:30pm Monday to Friday during the Offer Period. If you are unclear in relation to any matter relating to the Options or the Shares, you should seek advice from your stockbroker, accountant or other professional adviser.

## 4 The Company and the Options Issue

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### 4.1 Board of Directors

The Directors of the Company bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience.

The Company's Board comprises:

<b>Name</b>	<b>Role</b>	<b>Committee Membership</b>
<b>Genevieve Gregor</b>	Chair and Non-Executive Director (Independent)	Member of all committees of the Board
<b>Tony Perich AM</b>	Deputy Chairman and Non-Executive Director	Member of the Risk and Compliance Committee
<b>Jane McKellar</b>	Non-Executive Director (Independent)	Chair of the People and Culture Committee Member of all committees of the Board
<b>Timothy Bryan</b>	Non-Executive Director (Non-Independent)	Chair of the Risk and Compliance Committee Member of all committees of the Board
<b>Stuart Black AM</b>	Non-Executive Director (Independent)	Chair of the Finance and Audit Committee Member of the Risk and Compliance Committee

### 4.2 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before the lodgement of this Prospectus with ASIC, an interest in:

- (a) the formation or promotion of the Company;
- (b) the Options Issue; or
- (c) any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Options Issue.

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given, either to induce him or her to become, or to qualify him or her as, a director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Options Issue.

## Interests of Directors – existing security interests

As at the date of this Prospectus, relevant interests held by Directors are set out in the table below:

Director	Shares	Notes	Voting power in the Company's Shares (where Notes are not converted)	Voting power in the Company's Shares (where Notes are converted at the Maturity Date)
Genevieve Gregor	23,500	150,000	0.01%	0.04%
Tony M. Perich AM	145,556,000	126,138,427	52.53%	46.92%
Jane McKellar	1,605	75,000	0.00%	0.02%
Timothy Bryan	54,126	25,000	0.02%	0.01%
Stuart Black AM	Nil	25,000	Nil	0.01%

As at the date of this Prospectus, the Directors do not hold any performance rights or options to apply for Shares.

## Options to be issued to Directors

At the Extraordinary General Meeting, the Company sought and obtained Shareholder approval under ASX Listing Rule 10.11 for several current and former Directors (or their associated entities) for the issue and allotment of Options, as summarised below.

Director	Entitlement under Options Issue
Genevieve Gregor	Ms Gregor may apply for 7,291 Options via Woolwich Family Pty Ltd ACN 20 404 588 as trustee for the Woolwich Family Trust.
Jane McKellar	Ms McKellar may apply for 497 Options.
Trevor Allen*	Mr Allen may apply for 52,771 Options via Famtron Pty Limited ACN 072 696 619.
Perry Gunner**	Mr Gunner may apply for a total of 461,702 Options via the following entities: <ul style="list-style-type: none"> <li>• 50,926 Options to Mr Perry Gunner;</li> <li>• 248,364 Options to Mr Perry Gunner and Mrs Felicity Gunner as custodians for the Perry Gunner Super Fund;</li> <li>• 15,680 Options to Mr Perry Gunner and Mrs Felicity Gunner as custodians for the Perry Gunner Super Fund No 4;</li> <li>• 78,474 Options to Gunner Equities Pty Ltd as custodian for Gunner Equity; and</li> <li>• 68,258 Options to Guwarra Pty Ltd.</li> </ul>

\*Mr Allen ceased to be a Director on 29 January 2021.

\*\*Mr Gunner ceased to be a Director on 29 January 2021.

## Indemnities

Subject to stated exceptions in the Constitution and to the extent permitted by law, the Company must indemnify every current or former officer of the Company and/or its related parties against any liability incurred by that person in that capacity, including negligence and legal costs.

The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director.

The Company has entered into a policy of prospectus liability insurance. It is intended that the policy would insure the Company and all of its officers in respect of any claims that this document contains untrue or misleading statements or information or omissions and in respect of official investigations in relation to the Options Issue.

### 4.3 Purpose and effect of the Options Issue on the Company

The purpose of issuing the Options is to provide Eligible Shareholders with potential future equity upside in the Company in circumstances where investors in the Notes Capital Raising also have the ability to participate in any future upside of the Company upon conversion of the Notes into Shares. The Company considers that the Options are the most appropriate structure as Eligible Shareholders do not need to pay any upfront fee for acquiring the Options. Rather, Option Holders will have the benefit of assessing whether the Company is successfully implementing its business turnaround before having the right, but not the obligation, to pay the Exercise Price to acquire Shares.

The proceeds received by the Company after any Options are exercised will be used for working capital purposes.

#### Effect of the Options Issue on the capital structure

The maximum effect of the Options Issue and the Notes Capital Raising (and the maximum number of Shares on conversion of the Notes) on the capital structure of the Company is set out in the table below.

	Shares	Convertible redeemable preference shares	Notes	Options
Existing securities as at date of Prospectus	277,109,319	101,130	265,000,000	-
Total securities on issue following completion of the Options Issue where the maximum number of Options are issued	277,109,319	101,130	265,000,000	40,816,326
Total securities on issue if: - the maximum number of Options are issued and exercised at the Expiry Date - no Notes have been converted	317,925,645	101,130	265,000,000	-
Total securities on issue if: - the maximum number of Options are issued and exercised at the Expiry Date - all Notes have been converted	845,687,640	101,130	-	-

## Effect of the Options Issue

Arrovest is the majority Shareholder of the Company, holding approximately 52.5% of the Shares currently on issue. Under the Notes Capital Raising, Arrovest was issued \$126.1 million in Notes. Arrovest is not eligible to participate in the Options Issue. The potential control implications of Arrovest subscribing for a significant portion of the Notes under the Notes Capital Raising was disclosed in detail in the Notes Prospectus.

As only Eligible Shareholders will be issued Options, any Shareholder (including Ineligible Shareholder and Arrovest) who does not participate in the Options Issue will be diluted if the Options are exercised.

## 4.4 Summary of Shareholder approvals in relation to Options Issue

At the Extraordinary General Meeting held on 25 May 2021, the Company's Shareholders gave approval for, among other things:

- (a) for the purposes of ASX Listing Rule 7.1 and for all other purposes, for the issue and allotment of up to 40,816,326 Options to Eligible Shareholders in Australia and New Zealand and the issue and allotment of Shares on the exercise of those Options in accordance with the Option Terms; and
- (b) for the purposes of ASX Listing Rule 10.11 and for all other purposes, for the issue and allotment of up to:
  - (i) 7,291 Options to Woolwich Family Pty Limited ACN 620 404 588 as trustee for the Woolwich Family Trust, an entity associated with Ms Genevieve Gregor;
  - (ii) 497 Options to Ms Jane McKellar;
  - (iii) 52,771 Options to Famtron Pty Limited ACN 072 696 619, an entity associated with Mr Trevor Allen, a former Director of the Company; and
  - (iv) a total of 461,702 Options to various entities associated with Mr Perry Gunner, a former Director of the Company,

and the issue and allotment of Shares on the exercise of those Options in accordance with the Option Terms.

Any Options issued to Eligible Shareholders in Singapore will be made pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

## 4.5 Financial information

The unaudited pro forma statement of financial position reflects the reported results of the Freedom Foods Group as shown in the financial statements for the half year to 31 December 2020, adjusted to reflect various pro forma adjustments detailed below, including the completion of the Options Issue and the exercise of all Options (assuming the full amount of 40,816,326 Options are issued).

The unaudited pro forma statement of financial position is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor the conclusion of the Options Issue. Unless specified in the notes below no account has been made in the pro forma tables for the impact of trading since 31 December 2020.

References to “pro forma” information are non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). Non-IFRS financial information has not been subject to audit or review.

### Pro Forma P&L

AUD '000s	H1 FY21					
	Reported <sup>1</sup> (continuing operations)	Adjustments <sup>2</sup>	Recapitalisation Impact \$265m raised <sup>3</sup>	Pro Forma (\$265m raised)	Impact of Options being exercised <sup>4</sup>	Pro Forma (post exercise of Options)
Revenue	291,378	-	-	291,378	-	291,378
Cost of sales	(240,121)	-	-	(240,121)	-	(240,121)
Gross profit/(loss)	51,257	-	-	51,257	-	51,257
Other (expenses)/income	(1,863)	2,181	-	318	-	318
Other gains/(losses)	1,956	1,449	-	3,405	-	3,405
Marketing, selling & distribution expenses	(32,463)	-	-	(32,463)	-	(32,463)
Expected credit losses	(336)	-	-	(336)	-	(336)
Administrative expenses	(18,420)	10,183	-	(7,607)	-	(7,607)
Impairments	-	-	-	-	-	-
Interest on lease liabilities	(5,899)	-	-	(5,899)	-	(5,899)
Interest on convertible notes	-	-	(11,441)	(11,441)	-	(11,441)
Other interest and finance costs	(9,713)	-	7,118	(2,596)	-	(2,596)
Share of profit/(losses) of associates accounted for using the equity method	279	-	-	279	-	279
<b>Profit/(Loss) before income tax</b>	<b>(15,202)</b>	<b>14,443</b>	<b>(4,323)</b>	<b>(5,082)</b>	<b>-</b>	<b>(5,082)</b>
<b>EBITDA pre AASB 16 (Continuing Operations)</b>	<b>7,210</b>	<b>14,443</b>	<b>-</b>	<b>21,653</b>	<b>-</b>	<b>21,653</b>

#### Notes:

1. Reflects the profit and loss from continuing operations (i.e. excluding any contribution from the cereals & snacks business) as shown in the financial statements for the half year to 31 December 2020.
2. Reflects the removal of the costs associated with the product recall, restructuring and other one off costs incurred in the half year to 31 December 2020.
3. Reflects the Pro Forma impact on financing costs based on the \$265m raised under the Notes Capital Raising. Interest for the Notes is calculated at 8.5% PIK consideration which equates to

pro forma interest expense for the half year to 31 December 2020 of \$11.4m, plus \$2.6m of interest from the remaining senior facilities.

- Reflects the impact of the 40,816,326 million Options being exercised at a strike price of \$0.98.

## Pro Forma Balance Sheet

	31-Dec-2020	Pro Forma Adjustments		31-Dec-2020		31-Dec-2020	Pro Forma Adjustment	31-Dec-2020
AUD in '000s	Statutory Balance Sheet [1]	Increase in subordinated facility [2]	Impact of the Cereals & Snacks sale [3]	Pro Forma (post increase in subordinated facility / C&S sale)	Impact of the Notes Capital Raising [4,5]	Pro Forma (\$265m raised)	Impact of the Options being exercised [6]	Pro Forma (post exercise of Options)
<b>Current assets</b>								
Cash and cash equivalents	24,288	10,000	11,000	45,288	23,551	68,840	40,000	108,840
Trade and other receivables	46,272	-	-	46,272	-	46,272	-	46,272
Inventories	39,946	-	-	39,946	-	39,946	-	39,946
Derivative financial instruments	3,823	-	-	3,823	-	3,823	-	3,823
Prepayments	561	-	-	561	-	561	-	561
	<b>114,890</b>	<b>10,000</b>	<b>11,000</b>	<b>135,890</b>	<b>23,551</b>	<b>159,442</b>	<b>40,000</b>	<b>199,442</b>
Assets of disposal group classified as held for sale	25,759	-	(25,759)	-	-	-	-	-
<b>Total current assets</b>	<b>140,649</b>	<b>10,000</b>	<b>(14,759)</b>	<b>135,890</b>	<b>23,551</b>	<b>159,442</b>	<b>40,000</b>	<b>199,442</b>
<b>Total non-current assets</b>	<b>506,843</b>	<b>-</b>	<b>-</b>	<b>506,843</b>	<b>-</b>	<b>506,843</b>	<b>-</b>	<b>506,843</b>
<b>Total Assets</b>	<b>647,492</b>	<b>10,000</b>	<b>(14,759)</b>	<b>642,733</b>	<b>23,551</b>	<b>666,285</b>	<b>40,000</b>	<b>706,285</b>
<b>Current liabilities</b>								
Trade and other payables	(77,314)	-	1,192	(76,122)	3,425	(72,697)	-	(72,697)
Borrowings	(326,907)	(10,000)	6,540	(330,367)	320,356	(10,010)	-	(10,010)
Lease liabilities	(800)	-	-	(800)	-	(800)	-	(800)
Derivative financial instruments	(2,074)	-	-	(2,074)	-	(2,074)	-	(2,074)
Provisions	(6,277)	-	443	(5,834)	-	(5,834)	-	(5,834)
	<b>(413,372)</b>	<b>(10,000)</b>	<b>8,175</b>	<b>(415,197)</b>	<b>323,781</b>	<b>(91,416)</b>	<b>-</b>	<b>(91,416)</b>
Liabilities associated with assets classified as held for sale	(5,101)	-	5,101	-	-	-	-	-
<b>Total current liabilities</b>	<b>(418,473)</b>	<b>(10,000)</b>	<b>13,276</b>	<b>(415,197)</b>	<b>323,781</b>	<b>(91,416)</b>	<b>-</b>	<b>(91,416)</b>
<b>Non-current liabilities</b>								
Borrowings	-	-	-	-	(347,782)	(347,782)	-	(347,782)
Lease Liabilities	(190,431)	-	-	(190,431)	-	(190,431)	-	(190,431)
Provisions	(462)	-	-	(462)	-	(462)	-	(462)
<b>Total non-current liabilities</b>	<b>(190,893)</b>	<b>-</b>	<b>-</b>	<b>(190,893)</b>	<b>(347,782)</b>	<b>(538,675)</b>	<b>-</b>	<b>(538,675)</b>
<b>Total liabilities</b>	<b>(609,366)</b>	<b>(10,000)</b>	<b>13,276</b>	<b>(606,090)</b>	<b>(24,001)</b>	<b>(630,091)</b>	<b>-</b>	<b>(630,091)</b>
<b>Net Assets</b>	<b>38,126</b>	<b>-</b>	<b>(1,482)</b>	<b>36,644</b>	<b>(450)</b>	<b>36,194</b>	<b>40,000</b>	<b>76,194</b>
<b>Equity</b>								
Issued Capital	598,712	-	-	598,712	-	598,712	40,000	638,712
Reserves	(56,463)	-	-	(56,463)	-	(56,463)	-	(56,463)
Accumulated losses	(504,123)	-	(1,482)	(505,605)	(450)	(506,055)	-	(506,055)
<b>Total Equity</b>	<b>38,126</b>	<b>-</b>	<b>(1,482)</b>	<b>36,644</b>	<b>(450)</b>	<b>36,194</b>	<b>40,000</b>	<b>76,194</b>

Lease liabilities totalling \$191.2m and the associated right of use asset totalling \$167.8m (included in non-current assets) are shown in the statement of financial position reflecting the requirements of Australian Accounting Standards Board 16 (AASB16).

### Notes:

- As reported in the financial statements for the half year to 31 December 2020.
- Reflects the \$10m drawdown of the approved \$12m increase in the subordinated facility. The subordinated facility is guaranteed by entities affiliated with the major shareholder, Arrovest.
- Reflects the expected gross proceeds from the sale of the cereals & snacks business as announced to the market on 31 March 2021.

4. Reflects the gross consideration raised under the Notes Capital Raising of \$265m less the payout of existing facilities of \$231m and associated transaction costs estimate of \$10.4m of which \$6.5m has been capitalised as a borrowing cost. This reflects that the Company is at this stage intending to adopt the bifurcation accounting method for the Notes.
5. Reflects the reclassification of the equipment finance borrowings (other than the amounts due over the next 12 months), term loan and debtor finance facilities to non-current liabilities as a result of the Recapitalisation.
6. Reflects the impact of the 40,816,326 Options being exercised at a strike price of \$0.98.

## **5 Key risks**

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### **5.1 Introduction**

By dealing in or exercising the Options, you will be exposed to a number of risks which can be broadly classified as risks associated with the Options and with the Company's business, which may affect recovery in respect of the Options and Shares.

This Section describes the potential risks associated with the Company's business and the risks associated with the Options and with the Shares. It does not list every risk associated with the Options or with the Shares now or in the future. Shareholders will already be exposed to many of the risks associated with the Company's business through their shareholding in the Company. Some risks can be mitigated by appropriate commercial action, but many risks described in this Section of the Prospectus are partially or completely outside the control of the Company and its Directors.

The selection of risks is based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus. There is no guarantee or assurance the importance of different risks will not change or other risks will not emerge. Additional risks and uncertainties the Company is unaware of, or it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees any specific objectives of the Company will be achieved or any particular performance of the Company, the Options or the Shares will be achieved.

Before dealing in or exercising the Options, Eligible Shareholders must be satisfied that you have a sufficient understanding of the risks noted in this Section and have fully considered whether dealing in or exercising the Options is right for you, having regard to your own investment objectives, financial circumstances and taxation position. You should read this Prospectus in full and seek professional advice before dealing in or exercising the Options.

### **5.2 Risks associated with dealing in and exercising Options**

#### **Quotation**

If the Company's application for the Options to be quoted on ASX is granted, the trading price of the Options may be affected by the ongoing performance, financial position and solvency of the Company and its Subsidiaries.

#### **Liquidity of the Options**

There is no guarantee the Options will trade on ASX or that there will be a liquid market for the Options. If Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the Exercise Price paid for those Shares.

#### **Dilution**

If the Options are exercised, the Company will issue Shares to the Option Holders as set out in this Prospectus. If you are an Eligible Shareholder and you do not apply for Options, you may be diluted.

It is not possible to predict what the value of the Company's Shares will be following completion of the Options Issue, or at the time the Options are exercised, and the Directors do not make any representation to such matters. The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after completion of the Options Issue.

### **Market price and liquidity of Shares**

The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Options and affect your ability to sell your Options at all, or at an acceptable price. Additionally, the issue of the Options may result in downward pressure on the market price of Shares.

In addition, any Shares held by Option Holders following the exercise of those Options will have the same rights as other existing Shares, which are different from the rights attached to the Options. The market price of the Shares may fluctuate over time as a result of a number of factors.

At the time Shares are issued to Option Holders, the market price of the Shares will likely vary from the Exercise Price of the Options.

Where the Options are exercised, there may be no liquid market for Shares at that time, or the market may be less liquid than that for comparable securities issued by other entities at that time. As a consequence, Option Holders who wish to sell the Shares they may receive on exercising their Options may be unable to do so at an acceptable price, or at all, if the market for Shares is illiquid. Further, following the exercise of all Options issued pursuant to this Prospectus, Arrovest will continue to be a majority Shareholder. The absence of any sale of Shares by Arrovest may cause, or at least contribute to, limited liquidity in the market for the Shares.

In addition, there is no guarantee that Shares will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

### **The Options are subject to changes of law**

The Option Terms are governed by the laws of New South Wales. No assurance can be given as to the impact of any possible judicial decision or change to New South Wales law or administrative practice after the date of issue of the Options. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.

### **Future dividends and franking**

As described in the Notes Prospectus, there are restrictions on the Company's ability to pay dividends or other distributions to Shareholders for so long as any of the Notes are outstanding.

Once all of the Notes have been redeemed or converted, any future determination as to the payout of dividends will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results and the financial position of the Company, its future capital requirements and other relevant factors. No assurance in relation to the future payment or franking of dividends can be given by the Company.

Additionally, as set out in the Option Terms, Options do not carry any dividend entitlement until they are exercised and the Option Holder becomes the registered holder of Shares. Payments of any dividends to Shareholders in respect of the Shares is at the discretion of the Directors. If any Options are exercised after the record date for a dividend, Option

Holders will not have any entitlement to that dividend. Directors may only declare or determine a dividend if there are funds legally available to pay dividends.

No assurances can be given in relation to the payment of future dividends, or the potential for the Company to issue them as franked dividends. Future determinations as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon the availability of profits, the operating results and financial condition of the Company, future capital requirements, covenants in relation to financial agreements, general business and financial conditions, restrictions under the terms of issue for the Notes and other factors considered relevant by the Directors. No assurances can be given in relation to the level of franking of future dividends. Franking capacity will depend upon the amount of Australian tax paid in the future, the existing balance of franking credits and other factors.

### **Further issues of securities and dilution**

The Option Terms do not restrict the Company from issuing further Shares or other securities, although the Exercise Price of the Options will be adjusted upon the occurrence of a pro rata issue of Shares in the manner required by the ASX Listing Rules.

If the Company undertakes additional offerings of securities in the future, the increase in the number of issued Shares or securities convertible or exercisable into Shares and the potential for the sale of such securities may depress the price of Shares already on issue and of the Options. In addition, as a result of the issue of Shares, the voting power and proportionate economic interest of the Company's existing Shareholders (and, indirectly, Option Holders) will be diluted. The Option Terms may not adequately protect Option Holders in the event the Company undertakes additional offerings of securities in the future.

An Option carries no right to participate in new issues of securities without exercising the Option.

### **Arrovest control implications**

Arrovest is the Company's largest Shareholder and was issued 126.1 million Notes under the Notes Capital Raising. Arrovest's participation in the Notes Capital Raising, and the conversion of its Notes to Shares, will have significant impacts on the Company's capital structure and dilute current Shareholders. See Section 4.3 for further details.

### **Inflation rate risk**

An increase in the inflation rate may negatively impact the profitability of the Company or the market value of the Shares or Options including as a result of the increase in the Company's expenses.

### **Change in the Australian tax system**

Any future change in Australian tax law may affect the taxation treatment of the holding, disposal and exercise of Options and the market price of the Options.

### **Review of accounting procedures**

As discussed in the Company's FY20 Annual Report, the Company identified accounting errors in the interpretation of accounting standards, recognition criteria applied to revenue and expenses, and deficiencies in the application of internal controls. These errors led to a need to restate materially the carrying value of assets such as property, plant & equipment, inventory, new product development, intangible assets and receivables. The Company's auditors described these matters as significant control deficiencies and

determined that, in their opinion, there was an increased risk of management override of controls.

The errors and deficiencies were identified as a result of work undertaken by the Company by advisers retained by the Company to assist the Board in identifying the extent of the issues and by the auditors. A range of actions have been proposed to address the deficiencies and the Company's senior management team has been tasked with responsibility for developing an enhanced accounting policy and interpretation framework, together with an enhanced internal control framework which includes the development of an internal audit and review capability within the Company.

There is a risk that management may not be able to achieve the outcomes required and may implement controls which are insufficient to prevent similar deficiencies moving forward.

### **Shareholder limits**

Various laws, including Chapter 6 of the Corporations Act and the *Foreign Acquisition and Takeovers Act 1975* (Cth) may restrict the number of Shares that any person may hold. Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as the Company) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX.

Option Holders should take care to ensure that their holding of the Options (and any Shares that will be issued on exercise of those Options) do not breach any applicable restrictions on ownership.

Where, on exercising Options, the issue of any Shares to any particular Option Holder (either directly or indirectly) is prevented by law, the Company may be unable accept the exercise of those Options.

### **Amendment to Option Terms**

The Option Terms may only be amended if Shareholders approve the amendment at a general meeting. Subject to the ASX Listing Rules, no amendment can be made to the Option Terms which will reduce the Exercise Price, extend the Option Exercise Period or increase the number of Shares received on exercising the Options.

## **5.3 Risks associated with the Company**

Key risks relating to the Company and the Group are set out below. It is not, however, possible to describe all of the risks which may adversely affect the Company's prospects and performance. The following list of risks is not intended to be exhaustive. Specific risk factors which may have a significant impact on the future performance of the Company include the following:

### **Going Concern**

Whilst the Company considers that completion of the Notes Capital Raising will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Shareholders to other risks set out in the Notes Prospectus which may impact the Company's ability to continue as a going concern.

### **Litigation**

Legal action arises from time to time in the normal business activities of the Company. Litigation can arise from commercial disputes between the Company and its business

partners, customers, suppliers, employees, financiers and other third parties and government bodies for alleged or actual failures to adhere to government regulations.

Litigation is costly and consumes board and management time and resources. It creates reputational risk, brand damage and potential liabilities for the Company, its Directors, officers and employees. Some of this litigation may, depending on its nature, have a material adverse impact on the financial and operational performance and financial position of the Company.

Following the Company's recent performance, two shareholder class actions have been lodged against the Company. Those claims allege that the Company failed to comply with its continuous disclosure obligations or disclosure obligations under the Corporations Act and ASX Listing Rules in connection with equity capital raisings and made statements which are misleading and deceptive in breach of the Corporations Act, the *Australian Consumer Law* and the ASIC Act. There is a risk that additional shareholder class actions may be commenced against the Company. It is not currently possible to determine the outcome of these class actions or any other proceedings, and what the financial impact of such proceedings, if any, may be for the Company. There is also a risk of further regulatory action against the Company in these circumstances.

The Company is currently and may in the future be subject to additional regulatory actions, litigation, investigations or other proceedings, whether arising from ASIC notices, the Corporations Act, ASX Listing Rules or otherwise, any of which may result in litigation and which could have a material adverse impact on the financial and operational performance and financial position of the Company.

The Company is also subject to other litigation and other claims and disputes, and may be subject to future litigation and other claims and disputes in the ordinary course of business, including contractual disputes and workplace claims. Such litigation, claims and disputes, including the costs of settling claims, and any associated operational impacts, may be costly and damaging to the Company's reputation and business relationships, which may have an adverse effect on the Company's business and operations. The Company is currently party to contractual proceedings with Blue Diamond. Further information regarding the class actions, ASIC investigation and Blue Diamond proceedings can be obtained from the Company's continuous disclosure announcements available at [www.asx.com.au](http://www.asx.com.au) and in the Notes Prospectus dated 19 March 2021.

### **Regulatory investigations and reviews**

The Company may be the subject of regulatory investigations that may result in an adverse impact on the Company and stakeholders. The outcomes of any such investigations can be litigation, civil or criminal prosecution and/or lead to fines, compensation, remediation expense and/or restrictions on the Company's ability to operate its business.

ASIC is investigating suspected contraventions of the Corporations Act by the Company and the officers and directors of the Company between 1 July 2014 and 30 June 2020. In the course of the investigation, ASIC has issued notices to the Company for the production of books and the provision of reasonable assistance. The Company is engaging cooperatively with ASIC in relation to the ASIC Investigation. ASIC's investigation is continuing but, to the best of the Company's knowledge, has not at the date of this Prospectus, been concluded. There can be no assurance that ASIC will not, following completion of its inquiries, commence enforcement action against the Company or take other actions, such as the issuance of an infringement notice. It is possible that any such action that ASIC or other government agency or regulator may take could have a material adverse impact on the Company's financial performance, corporate reputation or industry standing including, for example, fines and/or penalties (which may be significant), compliance orders, enforceable undertakings, litigation or public statements.

## **Company's growth strategies may not achieve their objectives**

The Company has identified a number of growth strategies to continue to drive sales growth and margin improvements. There is a risk that the implementation of the Company's growth strategies could be subject to delays or cost overruns and there is no guarantee that these initiatives and strategies will generate the full benefits anticipated or result in sales growth. The Company's financial performance is dependent on its ability to meet its turnaround objectives and to develop and execute appropriate strategies and initiatives pursuant to those objectives. Any delay in implementation, failure to successfully implement, or unintended consequences of implementing any or all of the Company's turnaround initiatives and growth strategies may have an adverse effect on the Company's future financial and operating performance.

## **Failure to achieve turnaround objectives**

The Company's future financial performance is dependent on its ability to meet its turnaround and restructure strategy objectives, and to develop and execute appropriate strategies and initiatives pursuant to those objectives. If the Company's strategies and initiatives are ineffective, poorly implemented or implemented later than expected, or are more costly than anticipated, the Company may not meet its objectives, which could have a materially adverse effect on the Company's financial and operational position. For example, there is a risk that the Company will be unable to deliver the anticipated manufacturing efficiencies or increase its capacity within the appropriate time frame or develop its product offerings to match evolving market expectations. This in turn could impact customer and supplier demand for the Company's products, which would further jeopardise the Company's turnaround initiatives and growth strategy.

## **Manufacturing disruption**

Production and sale of the Company's products relies on the continued operation of the Company's manufacturing facilities and consistent delivery of product volumes to meet the Company's contractual requirements and demand growth.

Any material disruption to key parts of the manufacturing process may result in a failure to meet contractual sales volumes, loss of sales and revenue, termination of contracts and business partnership agreements, litigation and reputational damage.

The Company and its Subsidiaries' primary manufacturing sites are at Ingleburn in New South Wales and Shepparton in Victoria. There is a risk that a manufacturing site may not be able to maintain required production levels or may be shut down entirely or in part due to natural disaster, industrial action, contamination, an industrial accident, fire, imposed shutdowns following an outbreak of COVID-19 or any other infectious virus or disease, a serious power failure or explosion. If this occurred, there is a risk that production could not be sourced from an alternative manufacturer, or the sourced product may not meet the Company's required standards. This could mean that the Company and its Subsidiaries are not able to supply their customers or supply the required amounts. It could also mean the Company and its Subsidiaries may have quality control difficulties, potentially leading to product recalls and may incur damage to the Company's reputation or brand names. Any or all of these matters may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

## **Workplace health and safety**

Many aspects of manufacturing operations and distribution are inherently dangerous. Sales, administration and other staff are also exposed to risks, particularly if they are travelling. The Company must comply with various health and safety laws. There is a risk that penalties and other liabilities for the violation of health and safety law and standards

may be imposed on the Company and may have an adverse effect on the Company's reputation and its revenue, profitability and growth.

While the Company endeavours to mitigate these risks, due to the nature of the Company's manufacturing and distribution business, there remains a residual risk of serious injury or death through industrial and traffic accidents that cannot be fully avoided, or that the Company's insurance coverage may not be sufficient to meet all possible personal injury claims.

### **Competition**

The Company and its Subsidiaries operate in a competitive market environment. There can be no guarantees that the competitive environment in which it and its Subsidiaries currently operate will remain the same. New entrants, a material adverse change to the competitive environment (including as a result of regulatory changes) or new initiatives implemented by competitors may have a material impact on the operating and financial performance of the Company and its Subsidiaries. There is a risk that the innovation strategies adopted by the Company are not as effective as its competitors or that its ability to anticipate and respond to changing opportunities, technology, standards or customer requirements is not as quick as its competitors.

In addition, in order to stay competitive, the Company may need to adjust its pricing models or invest significantly more in marketing or product development. Further increases in the cost of inputs such as raw goods may decrease the margin the Company can earn under its pricing models, especially if it is unable to pass on those increases to its customers as a result of external competitive pressures or because its existing contracts prevent the Company from doing so.

### **Changing consumer preferences in competitive markets**

Consumer tastes and buying preferences in relation to the Company's products are constantly changing. These preference changes can be in response to a range of factors, including new products entering the market, environmental factors, health and nutritional advices, regulation, sales and marketing initiatives by the Company's competitors, and product price changes by the Company and its competitors.

The capacity of the Company's competitors to introduce competing products with those of the Company is high. The Company can be at risk of its products being replaced in key channels by products produced by its competitors. Any reduction in the Company's product sales and market shares in each segment may impact its financial performance in the short, medium, and long term.

### **Pandemic risks**

The COVID-19 pandemic that emerged in March 2020 in Australia has impacted all businesses. The Company has been impacted by the COVID-19 pandemic including the loss of revenue, mainly in the sale of cream and out-of-home products. The Company's operations and Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. The length and duration of the current pandemic and the economic impact remain uncertain. The pandemic will continue to have an ongoing and unknown impact on the Company. Any further virus outbreaks in Australia or overseas may adversely affect the Company's business operations and financial performance and are beyond the control of the Company.

### **Inventory management**

The Company generally produces its products based upon expected demand, rather than to fulfil specific customer orders. The products that the Company produces generally

have a useful life, which varies depending on the nature of the product. When the Company sells its products to retailers, those retailers generally have a requirement that those products have a minimum life on receipt. If the Company is not able to sell products it produces in sufficient time to meet the minimum life on receipt requirements of its customers, that stock may become at risk of becoming out of date and unusable, in which case that product would need to be destroyed and its value written off. With a strong new product development program in place, the Company may not manage its SKUs (stock keeping units) to an optimum level, discontinuing non-performing SKUs. These matters may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries. In addition, there is a risk that the Company's existing manufacturing plant and equipment may be insufficient to produce a sufficient quantity of products to meet consumer demand.

### **Quality and food safety**

The Company supplies a range of food products for human consumption. As a result, the Company is inherently exposed to risks in the entire production chain from receipt of ingredients through to dispatch to the end consumer. Risks can include food safety, product or packaging quality and/or food integrity issues (including interference by third parties) that may result in injury or harm to consumers.

In addition, any food quality or safety incidents may cause disruption to business activities, result in increased costs, lead to potential litigation and damage the Company's reputation.

### **Key personnel**

In common with many businesses, the success of the Company, will, to a significant extent, be dependent on the expertise and experience of its directors and senior management. There is a risk that certain employees in key roles will leave the Company, the loss of one or more of whom could have a material adverse effect on the Company. Whilst the Company has entered into service agreements with the chief executive officer and other senior management, the retention of their services cannot be guaranteed.

### **Culture and talent**

The Company has employee training, policies, procedures and other initiatives in place to foster a positive corporate culture that reflects the behaviours needed for future success. However, poor corporate culture can lead to, amongst other things, unethical practices, lack of trust, poor decision-making, increased employee turnover and reduced motivation. Any of these outcomes may have a material adverse impact on the Company's operations and financial performance.

Moreover, as with the Company's key personnel, the future success of the Company will depend substantially on its ability to attract and retain high quality staff and consultants. The Company relies on its highly capable staff to manage the operational, sales, compliance and other functions of its business. There is a risk that, if the Company is understaffed (or the workload of existing staff is unsustainable), the Company's operational and financial performance will suffer.

### **Failure of internal risk controls**

The Company has been in the process of developing and implementing improved risk management and governance frameworks designed to capture, assess and report on management of risks within the business, and to identify, manage and mitigate identified risks in the business (for example in the areas of financial reporting, manufacturing and human resources).

Failure to adequately design, implement and abide by these risk management policies and practices may lead to an inability of the Company to mitigate future risk exposures

and/or breaches of regulatory obligations. A failure to successfully do any of these things could result in losses, liabilities reputational damage, fines, penalties, remediation costs, regulatory scrutiny and dissatisfaction among customers.

### **Credit risks**

Credit market conditions and the operating performance of the Company will affect borrowing costs as well as the Company's capacity to repay, refinance and increase its debt.

Deterioration of the credit conditions of key customers (including as a consequence of COVID-19) may also affect the operating performance of the Company.

### **Exchange rate**

The Company sells to a number of export customers predominantly in United States dollars (**USD**) and reports its financial statements in Australian dollars (**AUD**). Export sales of the Company's products is a growth area of the Company's business. While the Company may seek to hedge part of its foreign currency exposure or sell to export customers in AUD, movements in the currency exchange rate will have an impact on the financial performance of the Group. The Group also trades in Chinese Yuan, New Zealand Dollars, Euros and Canadian Dollars.

### **Access to financial resources**

The Company's business activities require access to equity and debt markets to finance its day-to-day working capital and invest in long-term income-producing assets. Access to these markets can change from time to time based on economic and financial markets conditions, geopolitical issues in the markets in which the Company operates in, the risk appetite of banks and other credit providers, the investment appetite of equity investors and the view of the Company as a suitable party to extend credit to or invest in.

### **Leverage and debt arrangements**

While the proceeds of the Notes Capital Raising have been utilised to reduce the Company's senior secured debt, the Notes will be classified as a non-current liability on the Company's balance sheet and, accordingly, the Company will continue to have high leverage while the Notes remain outstanding.

### **Intellectual property**

The Company and its Subsidiaries maintain trademark registrations in various jurisdictions around the world, which provide the legal underpinning for the Company and its Subsidiaries' brands. The Company and its Subsidiaries' trademarks and other intellectual property rights are important to the Company and its Subsidiaries' ongoing success and competitive position.

There is a risk that actions taken by the Company, such as access control, information classification, training and general awareness may not be adequate in all circumstances and may not prevent the misuse or misappropriation of its trademarks and intellectual property rights or prevent product imitation or to prevent others from seeking to block sales of the Company and its Subsidiaries' products. In this case, it may be necessary for the Company and its Subsidiaries to initiate or enter into litigation in the future to enforce the Company and its Subsidiaries' trademark rights. Any legal proceedings could result in an adverse determination, which may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

It is also possible that third parties may challenge the Company's intellectual property rights or assert intellectual property infringement, breach of confidentiality or make similar claims against the Company under copyright, trademark or other intellectual property laws. Such claims, if made, may harm the Company's business and reputation. If the Company is forced to litigate to defend these claims, the costs of such litigation will potentially be significant and will divert the attention of the Company's senior management team from normal commercial operations.

There is also a risk that effective intellectual property, including patent, trademark, copyright and trade secret protection may not be available in every country in which the Company's products are available. As the Company expands its international presence, its exposure to infringements of its trademarks and intellectual property rights may increase. Further, although the Company endeavours to enter into non-disclosure agreements with its employees, licensees and other third parties who may have access to intellectual property and confidential and proprietary information, the Company cannot assure that these agreements or other steps the Company has taken will prevent unauthorised use, disclosure or reverse engineering of its products, which may have an adverse impact on the business, financial performance and operations of the Company and its Subsidiaries.

### **Reputation and brand names**

The success of the Company and its Subsidiaries is highly reliant on its reputation and branding. Any factors or unforeseen issues or events that diminish the Company and its Subsidiaries' reputation or brand names may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

The Company has experienced unfavourable media coverage. If the Company continues to receive unfavourable media or market coverage, including through negative publicity around its products, that publicity could damage the Company's reputation or growth prospects.

### **New products and innovations**

Some of the new products or brands which the Company and its Subsidiaries may launch, and upon which the Company proposes to develop its business, may not be successful. This may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries. There is also a risk that certain new products that the Company and its Subsidiaries intend to introduce will be competitively inferior to similar products manufactured and sold by competitors. In addition, there may be technological or product innovations in the future which may impact on the perceived benefits of the Company and its Subsidiaries' products which may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

### **Relationships with suppliers**

The Company and its Subsidiaries have a number of important arrangements with key suppliers. If the Company and its Subsidiaries' relationships with any of these suppliers deteriorates or the supplier ceases trading for any reason and the Company and its Subsidiaries' inventory is depleted, the Company and its Subsidiaries may not be able to source alternative products or raw materials immediately or only on less favourable terms, which may in turn adversely affect the Company's ability to fulfil its customers' orders or the margins achieved on those sales. Any event that results in the Company and its Subsidiaries incurring higher costs from suppliers that cannot be passed on to the consumer, or which results in the Company being unable to fulfil any commitments to its customers, may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

## **Finished goods and raw material price changes**

While a number of the finished goods and raw materials purchased by the Company are subject to continual price movement, the Company purchases these items on forward contracts, which typically provide cover for periods between 3 and 6 months ahead depending on the nature of the product. These periods may not provide management and the business adequate time to pass price increases on to the customer through retail pricing or reshape the product to maintain margins.

## **Product liability and compliance**

The Company and its Subsidiaries have procedures and policies in place to ensure compliance with the Australian and New Zealand Food Standards and to ensure the Company's products are free from contamination. Contamination, or an extortion threat on the basis of an alleged or actual contamination, of one of the Company and its Subsidiaries' products, may lead to business interruption, product recalls or liabilities to consumers. While the Company maintains insurance cover with respect to a certain number of these risks, the Company and its Subsidiaries may not be able to enforce its rights in respect of these policies. If the Company and its associate entities do recover an amount under their insurance policies for loss suffered, it may not be sufficient to offset any damage to the financial condition, reputation or prospects of the Company and its Subsidiaries caused by the contamination or extortion threat. Product contamination or an extortion threat may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

Failure to comply with Australian and New Zealand Food Standards or other laws and regulations governing the manufacturing and sale of food could result in revocation of licences or registrations the Company and its Subsidiaries require in order to conduct their business. This may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

The Company and its Subsidiaries operate and export products to international jurisdictions which may require licences or registrations. Failure to comply with the relevant laws and regulations may result in the failure to renew or obtain such licences or registrations that the Company and its Subsidiaries require in order to conduct their business.

## **Supply chain**

The Company's supply chain is reliant on a streamlined integration of producers and suppliers, in-house manufacturing processes, outsourced distribution and logistics, service providers and the technology platforms used by the Company. There is a risk that an operational issue disrupts the flow of the Company's supply chain, such as a disease outbreak affecting livestock, updating the Company's manufacturing sites or switching suppliers. There is a further risk that key deliveries of product could be delayed or cancelled. If the Company encounters a material disruption to its supply chain, it could adversely impact the Company's financial performance and lead to consumer dissatisfaction.

## **Insurance**

The Company and its Subsidiaries have in place insurance which it considers appropriate to its circumstances. However, not all material risks relevant or applicable to the Company and its Subsidiaries' business have been insured, as the relevant insurance may not be available or may not be on terms which the Directors consider appropriate. In addition, no assurance can be given that the Company and its Subsidiaries' insurance will be available in the future on reasonable terms or will provide adequate coverage against claims made. If the Company and its Subsidiaries incur uninsured losses or liabilities, this

may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries. There is a further risk that the Group's insurers may not insure every material risk, requiring the Company and its Subsidiaries to consider alternative hedging models.

### **Delisting of a significant number of product lines by a major customer**

The Company's major retail customers support the Group's product ranges with promotional programs and trade marketing, making it unlikely the Company's business units will be delisted entirely as a supplier. The business has an active process of reviewing and upgrading product lines to assist their competitive position. While each of the business' brands have established a major segment position that is being actively supported by their retailer customers, there is a risk that certain of the product lines may be delisted due to retailer strategy, competitive pressure or perceived underperformance.

### **Divestment of non-core assets**

As part of its business strategy, the Company may investigate opportunities for the divestment of non-core assets, companies, products or technologies. While the Company may seek and negotiate potential investment or divestment opportunities in this respect, there is no certainty that any arrangement(s) will be finalised on particular terms, at a specific time, or at all. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions or divestments of companies, products or technologies. At this stage, the Company is considering a divestment of its seafoods business. There is a risk a failure to sell an underperforming business may adversely impact the Company's financial position.

### **Additional funding**

The Group may require additional funding in order to achieve its business objectives and to meet its financial obligations when they fall due. The inability to maintain a strong balance sheet or to secure new capital or credit facilities on favourable terms could impact upon the Group's operational and financial performance and the ability to meet its ongoing liquidity needs. There is no certainty as to the availability of funding on favourable terms, if at all, and further interest charged on these financing facilities may have a material effect on the Group's business, results of operations and financial conditions.

### **Doing business in export markets**

The Company is exposed to a range of risks doing business in international markets, particularly in China and South East Asian markets. Business practices and local laws and regulations differ greatly from country to country. There is a risk that the Company fails to comply with these laws and regulations, notwithstanding the precautions the Company may take to prevent these events occurring. There is also a risk of the Company expanding in regions that may have political, legal and economic instability or legal and regulatory systems that may be subject to unexpected changes.

There are also personal risks to the Company's employees operating in or travelling to these countries that can include arbitrary detention, criminal or civil charges, or fines for alleged illegal business practices.

### **Australia-China trade relations**

Part of the Company's commercial success is dependent upon the international trading and exports of the products it creates. Specifically, a large portion of the Company's revenues derives from international dairy exports, in particular to China. Given the uncertainty in Australia-China trade relationships at this time, the Company cannot

guarantee that the export of its products to China, or any other country, will not be subject to tariffs that decrease the commercial viability of those exports. Moreover, political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, foreign currency fluctuations, foreign taxes, languages and other cultural barriers all pose a risk to the Company's global operations.

### **Animal welfare**

Animal welfare is a critical element for success in any business involving livestock. Animal welfare includes ensuring that animals are not subject to cruelty or undergo undue suffering, even when outside the direct care of the organisation. There is a risk that the appropriate animal husbandry practices may not always be observed by its milk suppliers, contractors and third parties when handling and caring for their livestock. Moreover, the Company's milk suppliers may fail to obtain all necessary licences and approvals to carry on their dairy business. This may lead to adverse regulatory consequences or even significant brand damage if customers begin to associate the Company and its products with animal exploitation. The Company purchases milk from various farmers and holds a 10% investment in Australia Fresh Milk Holdings Pty Ltd, Australia's largest dairy farmer.

### **Environment**

The Company and its Subsidiaries' operations are subject to environmental laws and regulations. The Company and its Subsidiaries could incur material costs in order to comply with those laws and regulations, or as a consequence of a breach of those laws and regulations. Such costs could arise due to the historic operations and activities of others conducted on a site owned or operated by the Company and its Subsidiaries. Those costs may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries. In addition, changes to environmental laws and regulations may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries.

### **Climate change**

As a seller of agricultural products, weather and climatic conditions including bushfires, floods and storms directly affect the Company and its Subsidiaries. In particular, this may impact on the Company's suppliers and impact supply chain processes. The quantity and quality of the Company's products may be adversely affected by adverse weather or climatic conditions, including climate change, water supply issues and drought. Any adverse change to weather or climatic conditions may impact the ability to source milk, grain and other raw material supplies. If a weather or climatic condition disrupts the Company's supply chain, this may have a material adverse impact on the Company's operations and financial performance.

Furthermore, climate-related events have the capacity to:

- (a) restrict the availability, use and pricing of water required for the Company's manufacturing activities;
- (b) impact the cost of milk and other agricultural products; and
- (c) increase energy costs across the Company's key manufacturing sites.

### **Failure in information, technology and communication systems**

The Company's information, technology and communication systems are vulnerable to certain threats such as hacking, data breaches, human error, severe weather, and electrical, hardware or software failure. The Company has implemented cloud backup

services for all on-site information, technology and communication systems to protect against data loss and damage to the Company's digital infrastructure.

### **Taxation implications**

Future changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in the Company's securities, or the holding or disposal of those securities. Further, changes in taxation law, or to the way taxation law is interpreted in the various jurisdictions in which the Company operates, may impact the Company's future tax liabilities.

### **Changes in laws, regulations and policies**

Government legislation and policies may change at any time. The Company's operations may be affected by changes in international, federal, state or local government laws, regulations or policies which impact on the Company's ability to operate or sell products in particular markets. In particular, the introduction of tariffs or other regulations impacting international trade could impact the Company's ability to sell its products in foreign markets, such as China, or decrease the price it receives for them. This risk has the potential to affect the Company's ability to generate revenue, and consequently its financial performance and position.

## **5.4 General risks**

General risk factors outside the Company's control which may have a significant impact on the future performance of the Company include, but are not limited to the following:

- (a) economic conditions in Australia and internationally;
- (b) major structural issues affecting many developed economies, particularly those countries with high sovereign debt levels;
- (c) market volatility, especially given the present uncertainties in international trade, financial and political conditions;
- (d) any force majeure events, including the ongoing volatility posed by the COVID-19 worldwide pandemic and the impact this continues to have on Australia's economy and the economies of other nations;
- (e) changes in government policy, regulations or laws;
- (f) changes in the earnings of companies in Australia (whether as a result of general weakness in economic conditions or otherwise);
- (g) a slowdown in emerging markets, including China, which may impact economic growth in Australia;
- (h) changes in investor sentiment and perceptions in local and international stock markets;
- (i) changes in interest, exchange and inflation rates;
- (j) changes in commodity prices;
- (k) changes in domestic or international fiscal, monetary, regulatory and other government policies, including changes to the taxation of company income and gains and the dividend imputation system in Australia and changes in other

general world, economic and political factors may also adversely affect the Company, its future earnings and capital appreciation of the Company's investments; and

- (l) geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

There are risks associated with any investment in securities. The trading price of the Options and Shares may fall or rise with movements in the equity or debt capital markets in Australia and internationally.

There is no guarantee the Shares will trade at or above the Exercise Price. The historic share price performance of the Shares provides no guidance as to the future market price of the Shares or the likely trading price of the Options.

**This summary of the risks associated with the Options, the Shares and the risks associated with the Company's business is not exhaustive and you should read the whole of this Prospectus carefully. If you are uncertain about which course of action to take, you should seek professional advice.**

## 6 Additional Information

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This Section 0 sets out a number of matters of which you should be aware that have not been addressed in detail elsewhere in this Prospectus. It gives details of the availability of certain other important documents and a summary of some of these documents that are relevant for your investment decision.

### 6.1 Nature of this Prospectus

This Prospectus is a transaction-specific prospectus issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act and *ASIC Corporations (Offers of Convertibles) Instrument 2016/83*.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares and following issuance of the Options.

In summary, the content rules for prospectuses involving the issue of continuously quoted securities require such prospectuses to contain information only in relation to the effect of the Options Issue on the Company, the rights and liabilities attaching to the Options and the rights and liabilities attaching to Shares (as the underlying securities). It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the Company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
  - (ii) the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

The Company will make further announcements in respect of any matters in accordance with its disclosure obligations as and when material developments occur.

## 6.2 Company announcements

Investors may view a record of the Company's ASX announcements at the Company's website ([www.ffgl.com.au](http://www.ffgl.com.au)) or via the ASX website ([www.asx.com.au](http://www.asx.com.au)). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with all information previously publicly disclosed by the Company.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since the lodgement of the Notes Prospectus on 19 March 2021:

Date	Headline
28/05/2021	Full Federal Court Decision
27/05/2021	Completion of Recapitalisation
25/05/2021	EGM Results
25/05/2021	EGM Chair's Address
24/05/2021	Appendix 3B
24/05/2021	Second Supplementary Prospectus
24/05/2021	Results of Capital Raise
30/04/2021	Appendix 4C and Q3 FY21 Activity Report
27/04/2021	Supplementary Prospectus
26/04/2021	Notice of EGM and Explanatory Statement
31/03/2021	Completion of Sale of Cereals and Snacks Assets
29/03/2021	Ceasing to be a substantial holder
25/03/2021	Becoming a substantial holder
23/03/2021	Clarification – Proposed Options Record Date
22/03/2021	Appendix 3X – Stuart Black
19/03/2021	Reinstatement to Official Quotation
19/03/2021	Appendix 3B
19/03/2021	Prospectus
19/03/2021	Recapitalisation Presentation
19/03/2021	Further Update on Blue Diamond Litigation
19/03/2021	Board and Management Renewal Update
19/03/2021	Recapitalisation

### 6.3 Availability of other documents

The Company will provide a copy of any of the following documents, free of charge, to any Shareholder who so requests them during the Offer Period under this Prospectus:

- (a) Company Constitution;
- (b) the Company's FY20 Annual Report;
- (c) the half year financial report for the half year ended 31 December 2020
- (d) the quarterly activity report for the quarter ended 31 December 2020;
- (e) the quarterly cashflow statement and quarterly activity statement for the period ended 31 March 2021; and
- (f) any other document used to notify ASX of information relating to the Company under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the date of the annual financial report referred to above and before lodgement of this Prospectus with ASIC.

All requests for copies of the above documents should be addressed to:

*Freedom Foods Group Limited*

*C/- The Company Secretary*

*80 Box Road, Taren Point*

*NSW 2229*

All documents are also available on the ASX website ([www.asx.com.au](http://www.asx.com.au)).

### 6.4 Rights attaching to Options

The rights attaching to the Options are set out in the Option Terms, which are annexed to this Prospectus.

### 6.5 Rights attaching to Shares

The Shares issued on exercising the Options will be ordinary shares and will rank equally with all existing Shares. The rights attaching to the Shares are set out in the Constitution which is available free of charge from the Company (a copy is also accessible on the Company's website ([www.ffgl.com.au](http://www.ffgl.com.au))).

The following is a broad summary of the rights which attach to the Shares. It is not intended to be an exhaustive or definitive summary of the rights attaching to the Shares.

- (a) *Voting rights*

Each holder of ordinary shares in the Company has the right to attend, and vote at general meetings of the Company. Subject to any restrictions imposed by the Constitution and Corporations Act, at a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one

vote on a show of hands and, on a poll, one vote for each fully paid Share held by the Shareholder.

Where two or more persons are registered as the holders of a Share, they hold the Share as joint tenants with rights of survivorship. Any one of the joint tenants is permitted by the Constitution to appoint a proxy.

(b) *General meetings*

Subject to any restrictions imposed by the Constitution and the Corporations Act, each Shareholder is entitled to receive notice of, attend, and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution and the Corporations Act. Five or more members entitled to vote must be present to constitute a quorum.

Except where a special resolution is proposed (as that term is defined in the Corporations Act), questions arising at a general meeting must be decided by a majority of votes cast by the members present and entitled to vote at the meeting. A decision made in this way is deemed to be a decision of the members for all purposes.

In the event of an equality of votes cast for and against a proposed resolution, the chairman of the meeting is entitled to a casting vote in addition to any other votes s/he is entitled to cast as a member of the Company.

Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which at the date of this Prospectus is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act.

(c) *Dividends*

Subject to the Corporations Act and the terms of issue of a Share, the Directors may resolve to pay any interim, special or final dividend as, in the Directors' judgment, the financial position of the Company justifies. No interest is payable by the Company on any dividend.

As described in Section 5.2, for so long as the Notes remain outstanding, the Company is restricted from paying dividends or other distributions.

Subject to the ASX Listing Rules and the rights or restrictions attached to any Shares, the Directors may capitalise and distribute to members any amount:

- (i) forming part of the undivided profits of the Company;
- (ii) representing profits arising from an ascertained accretion or capital or from a revaluation of the assets of the Company;
- (iii) arising from the realisation of any assets of the Company; or
- (iv) otherwise available for distribution as a dividend.

(d) *Transfer of Shares*

Shares may be transferred by a proper transfer effected in accordance with the Constitution or as otherwise permitted by ASX Settlement Operating Rules. Subject to compliance with the Constitution, Shares may be transferred by a

written instrument of transfer in any usual or common form or by any other form approved by the Directors. No fee is payable to the Company for the transfer of any Share.

If ASX classifies any of the Company's Shares as restricted securities (as that term is defined in the ASX Listing Rules), then those shares cannot be disposed of during the applicable escrow period and rights attaching to those shares may be limited if the holder does not comply with the escrow requirements.

Provided that the procedures set out in the Constitution are followed, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of Shares with a market value of less than \$500. Where any portion of the unmarketable parcel comprises partly paid shares, the Company may deduct the difference from the proceeds of sale transferred to the former holder.

(e) *Rights on a winding up*

Subject to the rights or restrictions attached to Shares, on winding up, the surplus assets of the Company remaining after payment of its debts, liabilities and costs will be distributed to Shareholders in proportion to the number of Shares held by them at the commencement of the winding up.

(f) *Issue of further Shares*

Subject to the Constitution and the Corporations Act, the Directors may allot, issue or otherwise dispose of Shares to any persons on the terms, at the issue price and at the times the Directors think fit. This includes the power to issue Shares with any preferential, deferred or special rights, privileges or conditions or with any restrictions in regard to dividend, voting, return of share capital or otherwise.

(g) *Variation of rights*

At present, the Company has two classes of shares on issue, the Shares and convertible redeemable preference shares. The rights attached to any class may be varied with the written consent of the holders of not less than 75% of the issued shares of that class or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(h) *Amending the Constitution*

In accordance with section 136(2) of the Corporations Act, Shareholders may, by special resolution, amend the Company's Constitution.

## 6.6 Related party arrangements

Details of the Company's related party transactions are disclosed in the FY20 Annual Report, the FY21 Appendix 4D and Appendix 4C lodged on 28 February 2021. Details of certain other related party arrangements were disclosed in the Notes Prospectus.

As disclosed in the Notes Prospectus, Leppington Pastoral Co Pty Ltd ACN 000 420 404 (LPC) provided on arms' length terms with input from external consultants a limited indemnity to the Directors and Officers of the Company where sufficient Directors and Officers insurance was unable to be obtained from third party insurers. In addition to the payment of \$496,995 for Q1 FY21 to LPC, the Company has agreed to pay LPC a fee of \$664,254.80 for Q2 FY21. Due to the Company's inability to secure appropriate Directors

and Officers' run-off insurance, the Company has further agreed to pay LPC a run-off indemnity fee of \$54,049 per month, benchmarked by external consultants, payable for the next three years until expiry of the indemnity in June 2024.

Furthermore, on 9 September 2020 the Company entered into an arrangement with its lenders to secure a \$45 million subordinated debt facility (**Facility**). The Facility was supported by a guarantee provided by Perich Property Pty Ltd ACN 001 253 587 (**PPPL**). In consideration for PPPL providing the guarantee to secure the Facility and in accordance with usual market practice whereby the guarantor's legal costs are reimbursed by the borrower, the Company has agreed to reimburse PPPL's legal costs incurred in connection with the provision of the Facility and the guarantee, amounting to \$206,661.28. The Facility has since been discharged in full on 27 May 2021.

## 6.7 Representations by acceptance in respect of Options Issue

By completing and submitting an Application Form as outlined in Section 3, you will be deemed to have represented to the Company that you (and any person for whom you are acting):

- (a) are an Eligible Shareholder;
- (b) have read and understand this Prospectus and the Application Form in their entirety;
- (c) agree to be bound by the terms of the Options Issue, the provisions of this Prospectus and the Constitution;
- (d) authorise the Company to register you as the holder(s) of Options allotted to you;
- (e) declare that all details and statements in your Application Form are complete and accurate;
- (f) declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Application Form;
- (g) acknowledge that once the Company receives your Application Form, you may not withdraw your Application except as allowed by law;
- (h) agree to apply for and be issued up to the number of Options specified in the Application Form;
- (i) authorise the Company, Link and their respective officers or agents to do anything on your behalf necessary for the Options to be issued to you, including to act on instructions of Link upon using the contact details set out in your Application Form;
- (j) acknowledge that the information contained in this Prospectus and your Application Form is not investment advice nor a recommendation that the Options are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledge the statement of risks included in Section 1 of this Prospectus, and that investments in the Options and Shares are subject to risk;
- (l) acknowledge that none of the Company, its related bodies corporate and affiliates and its Directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, the Options or the Shares;

- (m) agree to provide any requested substantiation of your eligibility to participate in the Options Issue;
- (n) authorise the Company to correct any errors in your Application Form or other form provided by you;
- (o) represent and warrant (for the benefit of the Company and its related bodies corporate and affiliates) that you did not receive an invitation to participate in the Options Issue either directly or through a nominee, are not an Ineligible Shareholder and are otherwise eligible to participate in the Options Issue;
- (p) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Application Form, nor does it prohibit you from making an Application for Options and that you are otherwise eligible to participate in the Options Issue;
- (q) you are not in the United States and are not acting for the account or benefit of a person in the United States;
- (r) you understand and acknowledge that the Options and the underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Options and the underlying Shares may not be offered or sold to persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- (s) represent and warrant that you have not, and will not, send this Prospectus, the Application Form or any other materials relating to the Options Issue to any person in the United States or any other country outside Australia;
- (t) if in the future you decide to sell or otherwise transfer the Options or the underlying Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States; and
- (u) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is:
  - (i) resident in Australia, New Zealand or Singapore; and
  - (ii) is not in the United States.

## 6.8 Foreign selling restrictions

The Options are not offered in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. The Options Issue is not being extended, and does not qualify for distribution or sale, and the Options may not be issued to an Eligible Shareholder with a registered address outside Australia, New Zealand or Singapore.

### **New Zealand**

The Options and the underlying Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **Singapore**

This Prospectus and any other materials relating to the Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document relating to the Options may not be issued, circulated or distributed, nor may the Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are an Eligible Shareholder. If you are not an Eligible Shareholder, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

The Options Issue is not made to you with a view to the Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Options and the underlying Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **6.9 Notice to nominees and custodians**

The Options Issue is only being made to Eligible Shareholders. Nominees and custodians who hold Shares as nominees or custodians should note that the Options Issue is not available to:

- beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Shareholder; and
- Shareholders who are not eligible under all applicable securities laws to receive an offer under the Options Issue.

The Company is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owner of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Options Issue is compatible with applicable foreign laws. The Company is not able to advise on foreign laws. Custodians and nominees should be aware that, in submitting an Application Form, you are deemed to have made certain representations to the Company, further details of which are set out in Section 6.7.

## **6.10 Interests of experts and advisers**

Except as disclosed in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;

- (b) promotor of the Company; or
- (c) broker or underwriter to the Options Issue,

(each a “**relevant person**”) holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Options Issue; and
- (f) the Options Issue.

Except as set out in this Prospectus, no one has paid or agreed to pay any amount or given or agreed to give any benefit for services provided by a relevant person in connection with the formation or promotion of the Company or the Options Issue. The amounts below are exclusive of GST.

Moelis Australia Advisory Pty Ltd has acted as corporate adviser to the Company in respect of the Options Issue. No specific fees are payable to Moelis Australia in connection with the Options Issue.

Arnold Bloch Leibler has acted as Australian legal adviser to the Company in connection with the Options Issue. The Company has agreed to pay approximately \$50,000 (excluding GST and disbursements) for legal services in connection with the Options Issue to the date of this Prospectus. Further amounts may be paid to Arnold Bloch Leibler in accordance with its usual time-based charges, including in relation to the Recapitalisation.

## 6.11 Consents to be named and to the inclusion of information

Each of the parties referred to below (each a “**Consenting Party**”) and each of their respective affiliates, officers, employees and advisers, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each Consenting Party:

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- (b) has not (other than as specified below), and its affiliates, officers and employees have not, made any statement in this Prospectus or any statement on which a statement made in the Prospectus is based; and
- (c) does not cause, permit or authorise the issue or lodgement, submission, dispatch or provision of this Prospectus.

Description	Consenting party	Consent
Corporate adviser	Moelis Australia	Consent to be named

Australian legal adviser	Arnold Bloch Leibler	Consent to be named
Link	Link Market Services Limited	Consent to be named

## 6.12 ASX waivers

As announced on 26 April 2021, the Company has received a waiver from ASX Listing Rule 10.13.5 to enable the Company to issue the Options to Ms Genevieve Gregor, Ms Jane McKellar, Mr Perry Gunner and Mr Trevor Allen (or their nominated entities) no later than 3 months following the date of the Extraordinary General Meeting.

The waiver from ASX Listing Rule 10.13.5 was granted subject to the following conditions, each of which has been satisfied following the issue of this Prospectus:

- the notice of meeting accompanying the Extraordinary General Meeting states that the Options will be issued to the Directors no later than 3 months after the date of the meeting; and
- the terms of the waiver are clearly disclosed in the notice of meeting and in this Prospectus with respect to the issue of Options.

ASX has also confirmed that the Option Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1.

## 6.13 Legal proceedings

The Company is subject to legal proceedings as set out in the Notes Prospectus and the Company's other continuous disclosure announcements available via [www.asx.com.au](http://www.asx.com.au).

## 6.14 Transaction costs of the Options Issue

The total transaction costs of the Options Issue including advisory, legal, accounting, tax and administrative fees as well as printing, advertising and other expenses relating to this Prospectus are expected to be approximately \$105,000.

## 6.15 Withdrawal of Options Issue

The Company and the Directors reserve the right to withdraw or vary all or part of the Options Issue and this Prospectus at any time prior to the issue of the Options.

## 6.16 Privacy Disclosure Statement

The Company may collect, hold and use additional personal information about you.

Such information (including information provided by you in an Application Form) may be used to service your needs as a Shareholder and/or Option Holder, facilitate distribution payments and corporate communications, provide facilities and services that you request and carry out appropriate administration.

To do that, the Company and Link may disclose your personal information, for purposes related to your shareholding or Option holding, to their agents, contractors or third party service providers to whom they outsource services for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988* (Cth).

Company and tax laws require some personal information to be collected. If you do not provide us with your personal information we may not be able to process your Application.

In most cases you can gain access to your personal information held by (or on behalf of) the Company or Link. The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company Secretary if any of your details have changed. If you have concerns about the completeness or accuracy of the information the Company or Link have about you, they will take steps to correct it. You can request access to your personal information by contacting the Company Secretary using the Company's details in the Corporate Directory.

## **6.17 Other information**

Further information regarding the Company's performance, financial position, risks and other material disclosures are set out in the Notes Prospectus dated 19 March 2021 and available for download via [www.asx.com.au](http://www.asx.com.au).

## **6.18 Electronic Prospectus**

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC, and the issue of securities in response to an electronic Application Form, subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please email the Company using the details in the Corporate Directory and the Company will send you either a hard copy or a further electronic copy of this Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the relevant electronic Application Form, it was not provided with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **6.19 Governing law**

This Prospectus and the contracts that arise on acceptance of an Application Form and the exercise of the Options in accordance with the Option Terms are governed by the law applicable in New South Wales, and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

## **6.20 Consent to lodgement**

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Each Director of the Company has given and has not, before the lodgement of this Prospectus, withdrawn their consent to the lodgement of this Prospectus with ASIC.

Dated: 1 June 2021

## 7 Glossary

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The following definitions apply throughout this Prospectus unless the context requires otherwise. In addition, the definitions specific to the Options are included in the Option Terms annexed to this Prospectus.

<b>AASB</b>	means the Australian Accounting Services Board.
<b>ABN / ACN</b>	means Australian Business Number / Australian Company Number.
<b>AGM</b>	means the Company's annual general meeting, held on 29 January 2021.
<b>Applicant</b>	means an Eligible Shareholder who submits an Application.
<b>Application</b>	means a valid application for Options under this Prospectus.
<b>Application Form</b>	means a personalised application form which is attached to a paper copy of this Prospectus or available online at <a href="https://events.miraqle.com/fnp-offer">https://events.miraqle.com/fnp-offer</a> and relating to the Options Issue.
<b>Arrovest</b>	means Arrovest Pty Ltd ACN 117 953 205.
<b>ASIC</b>	means Australian Securities and Investments Commission.
<b>ASIC Act</b>	means the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>ASIC Investigation</b>	means the investigation into the Company by ASIC under section 13 of the ASIC Act, further details of which are set out in Section 8.31 of the Notes Prospectus.
<b>ASX</b>	means ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires.
<b>ASX Listing Rules</b>	means the official listing rules of ASX.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	means the operating rules of ASX Settlement.
<b>AUD or \$ or A\$</b>	means Australian dollars.
<b>Australian Accounting Standards</b>	means accounting standards set by the Australian Accounting Standards Board for the purposes of section 334 of the Corporations Act.
<b>Australian Consumer Law</b>	means schedule 2 of the <i>Competition and Consumer Act 2010</i> (Cth).
<b>Blue Diamond</b>	means Blue Diamond Growers.
<b>Board</b>	means the board of Directors of the Company.
<b>Business Day</b>	has the meaning given to that term in the ASX Listing Rules.
<b>Closing Date</b>	means 5:00pm (Sydney time) on 23 June 2021, being the latest time and day by which completed Application Forms will be accepted (subject to variation).
<b>Company</b>	means Freedom Foods Group Limited ACN 002 814 235.
<b>Consenting Party</b>	means a party who consents to be named in this Prospectus as set out in Section 6.11.
<b>Constitution</b>	means the constitution of the Company (as amended from time to time).
<b>Corporate Directory</b>	means the corporate directory at the back of this Prospectus.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).

<b>Director</b>	means a director of the Company.
<b>Eligible Shareholder</b>	means a Shareholder in the Company (excluding Arroves) with a registered address in Australia, New Zealand or Singapore as at the Record Date.
<b>Extraordinary General Meeting</b>	means the extraordinary general meeting of Shareholders held on 25 May 2021 approving the Recapitalisation and the issuance of the Options.
<b>FY or Financial Year</b>	means the financial year ending 30 June.
<b>FY20 Annual Report</b>	means the Company's annual financial report for the year ended 30 June 2020, released to ASX on 30 November 2020.
<b>GAAP</b>	means Generally Accepted Accounting Principles.
<b>Group or Freedom Foods Group</b>	means the Company and its Subsidiaries together.
<b>GST</b>	means goods and services tax.
<b>HIN</b>	means Holder Identification Number.
<b>IFRS</b>	means International Financial Reporting Standards.
<b>Link</b>	means Link Market Services Limited ACN 083 214 537.
<b>LPC</b>	means Leppington Pastoral Co Pty Ltd ACN 000 420 404.
<b>Maturity Date</b>	means, in relation to the Notes, 27 May 2027.
<b>Moelis Australia</b>	means Moelis Australia Advisory Pty Ltd ABN 72 142 008 446 (AFSL 345499).
<b>Non-Executive Director</b>	means a non-executive Director of the Company.
<b>Notes</b>	means the subordinated, secured convertible notes issued pursuant to the Notes Capital Raising.
<b>Notes Capital Raising</b>	means the offer of Notes under the Notes Prospectus.
<b>Notes Prospectus</b>	means the Company's prospectus dated 19 March 2021 and available at <a href="http://www.asx.com.au">www.asx.com.au</a> .
<b>Offer Period</b>	means 9:00am (Sydney time) on 2 June 2021 to 5:00pm (Sydney time) on 23 June 2021.
<b>Officer</b>	means an officer of the Company.
<b>Options</b>	means the listed options proposed to be issued by the Company as detailed in this Prospectus.
<b>Options Information Line</b>	means 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia), open from 8:30am to 5:30pm (Sydney time), Monday to Friday.
<b>Options Issue</b>	means the offer of 1 Option for approximately every 3.22 Shares held by Eligible Shareholders at the Record Date, the details of which are set out in this Prospectus.
<b>Option Holder</b>	means the holder of an Option.
<b>Option Terms</b>	means, in relation to an Option, the terms and conditions of issue of that Option, a copy of which is annexed to this Prospectus.
<b>PPPL</b>	means Perich Property Pty Ltd ACN 001 253 587.
<b>Prospectus</b>	means this prospectus dated 1 June 2021 and any replacement or supplementary prospectus.
<b>Recapitalisation</b>	means the recapitalisation of the Company involving, among other things, recapitalising the business, refinancing the Company's senior debt facilities and undertaking the Notes Capital Raising as detailed in the Notes Prospectus dated 19 March 2021.
<b>Record Date</b>	means 7:00pm (Sydney time) on 23 May 2021.

<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of one or more Shares in the Company.
<b>SRN</b>	means Security Reference Number.
<b>Subsidiaries</b>	means a subsidiary of the Company.
<b>USD</b>	means United States dollars.
<b>US Securities Act</b>	means the US Securities Act of 1933.

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# Corporate Directory

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**Directors**

Genevieve Gregor  
Tony Perich  
Jane McKellar  
Timothy Bryan  
Stuart Black

**Group General Counsel and Co-Company Secretary**

Justin Coss

**Co-Company Secretary**

Scott Standen

**Registered Office**

80 Box Road  
Caringbah NSW 2229  
[www.ffgl.com.au](http://www.ffgl.com.au)

**Australian Legal Adviser**

Arnold Bloch Leibler  
Level 21, 333 Collins Street  
Melbourne, Victoria 3000

**Corporate Adviser**

Moelis Australia Advisory Pty Ltd  
Level 27, Governor Phillip Tower  
One Farrer Place  
Sydney NSW 2000

**Link**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

**Options Information Line**

1300 912 776 (within Australia)  
+61 1300 912 776 (outside Australia)  
Open between 8:30am to 5:30pm (Sydney time) Monday to Friday during the Offer Period

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# Option Terms

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Each option (**Option**) entitles its holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

## 1 General terms of issue

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- (a) **Initial payment to acquire Options** Eligible Shareholders are not required to pay any funds to acquire the Options.
- (b) **Exercise** Each Option is exercisable at an exercise price of \$0.98 (**Exercise Price**) and will entitle the Option Holder to subscribe for, and be issued with, one Share.
- Options may be exercised on any Business Day during the Option Exercise Period upon payment of the Exercise Price to the Company. The Option Exercise Period will not be extended. Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- If an Option Holder elects to exercise its Options, the Option Holder must pay the Exercise Price for those Options in the manner directed by the Company and give the Company (or its share register) a notice of exercise of options (in a form approved by the Company) (**Option Exercise Notice**). Options will be deemed to be exercised on the date that the Option Exercise Notice and payment of the Exercise Price is received by the Company.
- The Company must within 5 Business Days after the receipt of an Option Exercise Notice and cleared funds for payment of the Exercise Price, issue Shares in respect of the Options exercised.
- (c) **Minimum exercise** Option Holders are entitled to deliver an Option Exercise Notice to the Company to exercise part of their Option Holding so long as the number of Options exercised is a minimum of the lower of 500,000 Options and all the Options held by the Option Holder.
- If an Option Holder exercises less than the total number of its Options, the Company must issue, or cause to be issued to the Option Holder a new holding statement for the remaining number of Options held by the Option Holder.
- (d) **Holding statement** The Company must give or cause to be given to each Option Holder a certificate or holding statement stating:
- (a) the number of Options issued to the Option Holder;
  - (b) the Exercise Price of the Options; and
  - (c) the date of issue of the Options and the Options Exercise Period.
- (e) **Duty to maintain Option register** The Company is responsible for maintaining a register of Option holders in accordance with section 168(1)(b) of the Corporations Act.
- (f) **Dividend** Options do not carry any dividend entitlement until they are exercised and the Option Holder becomes the registered holder of Shares and those Shares have been issued on or prior to the applicable record date for determining entitlements for a future dividend.

- (g) **Ranking** Subject to the Constitution, Shares issued on exercise of the Options will rank equally with all other issued Shares.
- (h) **Voting entitlements** The Options confer no rights on an Option Holder to receive notice of a general meeting of the Company's Shareholders (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.
- (i) **Participation in a new Share issue** An Option Holder may not participate in new issues of securities without exercising the Option.
- If the Company is listed on ASX, the Company must give the Option Holder, if required to do so by the ASX Listing Rules, notice of:
- (a) the proposed terms of the issue or offer; and
  - (b) any right of the Option Holder to exercise its Options.
- (j) **Adjustments to Exercise Price** If between the Issue Date and the Exercise Date the Company makes one or more rights issues (being a pro-rata issue of Shares in the capital of the Company that is not a bonus issue), the Exercise Price of Options on issue will be reduced in respect of each rights issue according to the formula set out in ASX Listing Rule 6.22.2.
- No change will be made to the number of Shares to which the Option Holder is entitled upon exercise of the Option as a result of an adjustment for a rights issue.
- (k) **Bonus issues** If the Company makes a bonus issue of Shares to Shareholders (except an issue in lieu or in satisfaction of dividends or by way of a dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.
- (l) **Capital reorganisations** If there is a reorganisation (including consolidation, sub-division, reduction, cancellation or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which each Option Holder is entitled and the Exercise Price) are changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) **Calculations** Any calculations or adjustments which are required to be made under these Option Terms will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- The Company must within a reasonable period give to each Option Holder notice of any change to the Exercise Price of the Options held by an Option Holder under the Option Terms.
- (n) **Quotation** The Company will apply for quotation of the Options to be tradeable on ASX in accordance with the ASX Listing Rules.
- (o) **Transferability** The Options are freely transferable, subject to registration of the transfer by the Company.

- (p) **Amendment** These Option Terms may only be amended if Shareholders approve the amendment at a general meeting, except where such amendment is required to comply with the ASX Listing Rules in which case the amendment can be made by the Company without obtaining the Shareholder approval.
- Subject to the ASX Listing Rules, no amendment can be made to reduce the Exercise Price, extend the Option Exercise Period or increase the number of Shares received on exercising the Options.
- (q) **ASX Listing Rules** For such time as the Company is listed on the ASX, the ASX Listing Rules will apply to the Options.
- (r) **Governing law** These Option Terms and the rights and obligations of Option Holders are governed by the laws of New South Wales. Each Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.
- (s) **US Securities Act** The Options and the underlying Shares have not been, and will not be, registered under the US Securities Act of 1933 or applicable US state securities laws. As a result, the Options may not be exercised by, and the underlying Shares may not be offered or sold to, persons in the United States except in transactions exempt from, or not subject to, such registration requirements of the US Securities Act and applicable US state securities laws.

## 2 Defined terms

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In these Option Terms, unless expressly provided otherwise:

<b>Arrovest</b>	means Arrovest Pty Ltd ACN 117 953 205.
<b>ASX</b>	means ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires.
<b>ASX Listing Rules</b>	means the official listing rules of ASX.
<b>Business Day</b>	has the meaning given to that term in the ASX Listing Rules.
<b>Company</b>	means Freedom Foods Group Limited ACN 002 814 235.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Eligible Shareholder</b>	means a Shareholder, excluding Arrovest, with a registered address in: <ul style="list-style-type: none"> <li>(a) Australia;</li> <li>(b) New Zealand; or</li> <li>(c) Singapore,</li> </ul> as at the Record Date.

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<b>Exercise Price</b>	means \$0.98, subject to adjustments in accordance with the Option Terms and the ASX Listing Rules.
<b>Expiry Date</b>	means the date which is the sixth anniversary of the Issue Date.
<b>Issue Date</b>	means, in respect of an Option, the date on which that Option is issued.
<b>Option</b>	means an option issued by the Company pursuant to the Option Terms.
<b>Option Exercise Notice</b>	means the notice given by an Option Holder to the Company upon exercising an Option.
<b>Option Exercise Period</b>	means the period commencing on the Business Day immediately following the release of the Company's annual report for the financial year ending 30 June 2023 and ending on the Expiry Date.
<b>Option Holder</b>	means the holder of an Option.
<b>Option Terms</b>	means, in relation to an Option, the terms and conditions of issue of that Option.
<b>Record Date</b>	means 7:00pm (Sydney time) on 23 May 2021.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of one or more Shares in the Company.