

COMPLETION OF THE HEALTHY MUMMY

1 April 2022

Halo Food Co. Limited (ASX:HLF) (“**Halo**” or the “**Company**”) is pleased to announce it has completed the strategic acquisition of 100% of the issued share capital in leading digital health and wellness business, The Healthy Mummy (“**THM**”), in line with the terms of the binding sale documentation announced in February 2022.

The acquisition of THM is a transformational and highly complementary addition to the Halo group. Halo will benefit from higher margin digital distribution channels creating a vertically integrated brand owner and manufacturer with an ability to increase the lifetime value of customers across the Halo group via the cross selling of products across broader distribution channels.

The strategic rationale for the Acquisition includes:

- THM is a leading player in the mothers focussed weight loss health and wellbeing segment
- Differentiated product and service offering with substantial cross-sell opportunities for Halo and THM proprietary brands
- Manufacturing synergies with \$4-5m per annum of THM products to be brought in-house to Halo manufacturing facilities (Melbourne & Sydney), creating ~\$800,000 of synergies
- Complementary digital distribution channels with a strong recurring subscription basis
- THM is an established, profitable and cash generative business, immediately accretive to Halo (pre-synergies)
- Higher margin, proprietary brand sales to transform Halo sales mix and materially increase gross profit and EBITDA across the consolidated group

Integration & Trading Update

Transition of The Healthy Mummy business into Halo is well advanced. Purchase orders for THM powdered products have been received by Halo and will be manufactured in Halo’s Melbourne facilities. These products represent the first of the THM powdered lines to be migrated to Halo and will begin to realise the anticipated manufacturing synergies of ~\$800,000 per annum. The balance of THM products will be migrated across shortly.

In line with the growth objectives of THM, Halo has secured new retail ranging for THM products. Specifically:



- products are to be distributed and ranged in existing Halo distribution channels of Catch.com.au, Global by Nature and online platform healthylife (owned by Woolworths);
- Global by Nature is one of Australia's leading natural health & wellness distributors offering more than 2,500 lines across 250 brands from Australia and distribute to independent grocery chains and stores, pharmacies, health food stores, wholefood markets and online;
- healthylife is an online health and wellness platform owned by Woolworths. The healthylife brand is one of Australia's oldest and longstanding health retailers;
- Catch.com.au is a leading e-commerce platform for Australian consumers and is owned by the Wesfarmers group; and
- THM has secured ranging on The Iconic, being one of Australia's largest fashion and lifestyle marketplaces with over 1,000 brands. THM products are available now with further products to be added to the platform shortly.

THM products have been well received by Halo's distributors with immediate ranging and further distribution expected over the short-term highlighting the attractiveness of the product offering and brand awareness of THM. The immediate expansion of B2B retail channels is in line with the growth initiatives and strategy of the Halo group. In the short period of time since announcement of the acquisition, THM has continued to execute on the broader growth initiatives and has:

- released a new version of the THM app, improving user experience and will further drive digital subscriptions over time;
- further advanced the mummy marketplace initiative to monetise web traffic via the THM site (due to be launched in the first half of 2022); and
- accelerated the progress on the release of the Healthy Mummy Wellness App, separate from the existing weight loss focussed app, (due to be launched in the first half of 2022).

About The Healthy Mummy

The Healthy Mummy was founded in 2010 by Rhian Allen and has grown to become one of the world's leading health and wellness platforms for mothers, in FY21 generating ~\$21 million in revenue and \$4 million of normalised EBITDA.

THM's fully integrated business model creates a unique and hard-to-replicate offering that provides everything a mother needs to change her lifestyle including



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an engaged community of likeminded mums offering real-time support and encouragement.

The THM business model comprises three key verticals;

1. Digital subscription: delivered via The Healthy Mummy App, providing a nutritionist, personal trainer, and motivational coach delivering 100% gross margins and ~39% of revenue;
2. Food and Products: A broad range of consumable (smoothies, snacks, supplements) and non-consumable (skincare, books and merchandise) products sold online and via 440 Priceline stores delivering ~48% gross margins and ~61% of revenue; and
3. Community: An engaged community offering one of the world's largest health and wellness community of mothers with young children with over 1.9m Facebook followers, 600k+ Facebook private group members and 235k+ Instagram followers.

Halo Food Co. CEO, Danny Rotman, stated "The acquisition of The Healthy Mummy is transformational, highly complementary and financially compelling for Halo Food Co. The Healthy Mummy is an established, profitable and cash generative business, with strong digital distribution channels and metrics focused on the health and wellness of mothers. The integration of the business is well advanced and we are pleased to welcome Rhian Allen and The Healthy Mummy team to the Halo group. I am excited about the opportunities ahead for the combined group and the benefit this will deliver for the Halo business."

The release of this announcement was authorised by the Board of Halo Food Co. Limited.

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Further Information

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About Halo Food Co. Limited

Based in Sydney and Melbourne, Australia and Christchurch, New Zealand, Halo Food Co. Limited is an established manufacturer and exporter of formulated dairy products and health and wellness products. Halo Food Co. is a leading Australian and New Zealand product developer and manufacturer in the health and wellness sector, with dry powder, ready to drink UHT and protein bar health and wellness-based product capability. In addition to Halo Food Co.'s own brands, the company is a trusted production partner, contract packing for well-known brands in Australia, New Zealand and internationally. The Company's purpose-built production facilities in Australia and New Zealand offer a wide range of dairy, health and wellness and nutritional packing solutions, meeting the diverse needs of consumers from different markets and cultures. Please visit www.halofoodco.com for further information.

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