

28<sup>th</sup> February 2016

Company Announcements Office  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

**Freedom Foods Group Limited  
North American Strategy Acceleration**

Freedom Foods Group (**Freedom Foods** or the **Company**) intends to restructure its business operations in North America to provide for an acceleration of its sales and earnings base.

Freedom Foods will establish a new North American entity in partnership with AFT Holdings, a Louisiana based investment and management group with offices in Louisiana and California supporting a number of unique holdings in the food space, including a leading shelf stable plant based protein producer. AFT Holdings also has investment in global fishing operations and other specialty food products. AFT and their companies have a history of growth thru sales execution and operational experience which compliments the vision of Freedom Foods. The new entity will form part of the Specialty Cereal and Snacks Business Group with operations across Australia, China, South East Asia and North America.

Freedom Foods will have a majority equity ownership with rights to acquire AFT Holdings interest over a 3 to 5 year period.

Freedom Foods will not proceed with its previously announced intention to acquire a North American based natural food company following an inconclusive due diligence investigation.

Under the new ownership arrangements, Freedom Foods intends to expand its US based sales, marketing and distribution base to expand the offering of Freedom Foods branded products that go beyond the Allergen Free base and leveraging its unique global position in healthy cereals and snacks.

The introduction of a series of new products under our Crafted Blends range and a further unique offering, in collaboration with CSIRO will also be launched in North America. The Company also intends to utilise its capabilities in this market to test its specialised MilkLab “coffee milk” offering in targeted cities in the USA.

In North America, the Company has invested in building sales and distribution capabilities for our Freedom Foods Allergen Free range of Cereals, increasing sales and store distribution within the Specialty and Natural Product Retailer markets. Considerable investment has been made in developing relationships with retailers including Sprouts, Whole Foods, Wegmans, Kroger and HEB.

A total of 7,500 distribution points have been established by the end of January 2016. Freedom Foods is now ranked in the Top 10 cereal brands in Specialty and Natural channels in the USA. Significant new ranging has been achieved and has been rolling out through 2017 year.

As part of the strategy acceleration, the business has already secured national ranging with a significant US retailer for its unique new cereal and bar offer developed in collaboration with CSIRO. This ranging across 1,500 stores will come online from June 2017 and provides a strong base for further growth. Additional business has also been secured in both branded and private label supply, with a leading private label retailer ranging a number of allergen free products, reflecting Freedom Foods unique capabilities.



**MAKING FOOD BETTER**

The Company is investing in building a stronger local experienced team in sales, operations and finance. AFT Holdings will provide back office administrative resources.

Under the new ownership arrangements, the Company will continue to evaluate options for increased scale in the North American market. As part of this, the Company is actively reviewing opportunities with other value added manufacturers in North America including specialist grain processors that will provide for a more integrated paddock to plate model in the medium term.

The new North American business structure is expected to be finalised within the current financial year. Based on developments to date and ongoing strategic initiatives, the Company expects the entity to be accretive to earnings in its first full year of operation in FY 2018, with additional sales and operational efficiencies in the medium term.

For further information, please contact:

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