



Freedom Foods Group Limited

ABN 41 002 814 235

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Friday 29 January 2021

Time of Meeting

11:00 am (AEDT)

Place of Meeting

<https://agmlive.link/FNP20>

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Freedom Foods Group Limited

ABN 41 002 814 235

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Freedom Foods Group Limited ABN 41 002 814 235 ("Company") will be held at 11:00 am (AEDT) on Friday 29 January 2021 for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the Financial Report of the Company for the year ended 30 June 2020, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 – Non-Binding Resolution to adopt Remuneration Report

To consider and if thought fit, pass the following as an **advisory resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2020 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote by a Restricted Voter as a proxy if the vote is not cast on behalf of a Restricted Voter and either:

(a) it is cast by the Restricted Voter as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; or

(b) it is cast by the Chair of the meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the

Chair to vote against Resolution 1 or to abstain from voting.

2. Resolution 2 – Re-election of Anthony Perich as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Anthony (Tony) Perich, who retires in accordance with clause 74(3) of the Company's Constitution and having offered himself for re-election and being eligible, be re-elected as a Director of the Company."

3. Resolution 3 – Election of Genevieve Gregor as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Genevieve Gregor, having been appointed as a Director of the Company since the last annual general meeting, and who retires from the office of Director in accordance with clause 74(3) of the Company's Constitution and ASX Listing Rule 14.4, and, having offered herself for re-election and being eligible, be re-elected as a Director of the Company."

4. Resolution 4 – Election of Jane McKellar as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Jane McKellar, having been appointed as a Director of the Company since the last annual general meeting, and who retires from the office of Director in accordance with clause 74(3) of the Company's Constitution and ASX Listing Rule 14.4, and, having offered herself for re-election and being eligible, be re-elected as a Director of the Company."

5. Resolution 5 – Election of Timothy Bryan as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Timothy Bryan, having been appointed as an Alternate Director of the Company and has been nominated by the Directors for election at the Annual General Meeting in accordance with clause 74(4) of the Company's Constitution and ASX Listing Rule 14.3, and, having offered himself for election and being eligible, be elected as a Director of the Company."

6. Resolution 6 – Freedom Foods Equity Incentive Plan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2, exception 13 and all other purposes, the Freedom Foods Equity Incentive Plan (EIP), as described in the Explanatory Memorandum accompanying the Notice of Meeting be approved for the issue of securities under the Freedom Foods EIP."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person eligible to participate in the employee incentive scheme; or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with the directions given to the proxy or attorney to vote on Resolution 6 in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with a direction given to the Chair to vote on the Resolution as the Chair of the Meeting decides; or
- (c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 6; and
 - ii. the holder votes on Resolution 6 in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote must not be cast on Resolution 6 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chair of the Meeting where the proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of Resolutions 1 – 6, the following definitions apply:

Annual Report means the Annual Report of the Company for the year ended 30 June 2020.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Freedom Foods Group Limited ABN 41 002 814 235.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

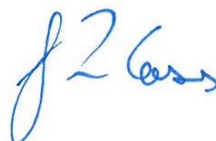
Key Management Personnel (or **KMP**) has the meaning given to that term the Corporations Act.

Notice means this Notice of Annual General Meeting.

Resolution means a resolution contained in this Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

By order of the Board



Justin Coss
Company Secretary
21 December 2020

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting by a Corporation

A shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolution 1, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chair of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chair of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of

the Chair of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.

- To be effective, proxies must be received by the Company Secretary no later than 48 hours before the time for holding the meeting.
- Proxies may be lodged using any of the following methods:

- Voting Online: www.linkmarketservices.com.au

Instructions on voting online will be available on both the proxy form and the email broadcast.

- By returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:

By Mail:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By Hand:

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138; or

By faxing a completed proxy form to
+61 2 9287 0309

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 6pm (Sydney time) on 27 January 2021. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7pm (AEDT) on 27 January 2021.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Freedom Foods Group Limited (the "Company").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORT

The first item of the Notice of Annual General Meeting (**AGM**) deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2020 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The Company's Annual Report 2020 is available on the ASX's website at www.asx.com.au.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chair will also provide shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2020 Annual Report for consideration and adoption.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report 2020 and is also available on the ASX's website at www.asx.com.au.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the AGM to be held on 29 January 2021, and then again at the 2021 AGM (to be held within 5 months of June 30, 2021), the Company will be

required to put a resolution to the shareholders at the 2021 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2021 AGM. All of the Directors who were in office when the 2021 Directors' Report was approved by the Board will immediately before the end of the spill meeting cease to hold office and (if desired) will need to stand for re-election at the spill meeting.

It is noted that at the Company's 2019 AGM, the votes cast against the Remuneration Report were less than 25% and accordingly there will be no need for the Company to put a spill resolution to the shareholders at this AGM even if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report.

Following the 2019 AGM, the Board undertook robust discussions and listened to feedback from key stakeholders. As a result, the Board determined it would implement a number of changes to the FY21 remuneration structure and framework. These included, but were not limited to, the introduction of a formal STI award in the form of equity with a deferral component for a portion of the STI, clawback guidelines to the LTIP addressing both financial and non-financial matters, and establishing appropriate, demanding performance hurdles that strengthen the alignment between shareholder and Company value creation.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and Key Management Personnel and any service agreements and sets out the details of any share-based compensation.

Voting

Please refer to the Notice of Meeting for the voting exclusions that apply to Resolution 1.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF ANTHONY PERICH AS A DIRECTOR

Pursuant to Clause 74(3) of the Company's Constitution and ASX Listing Rule 14.4, Anthony (Tony) Perich, being a

Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Tony was appointed as a Non-executive Director of the Company in July 2006 and is currently Deputy Chair.

Tony is a Member of the Order of Australia. Tony is joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Co Pty Ltd, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Limited. He is also a property developer, farmer and business entrepreneur. Outside of the Perich Group, Tony holds a number of other directorships which include Greenfields Narellan Holdings, Breeders Choice Woodshavings Pty Limited, and Ingham Institute for Applied Medical Research.

Memberships include Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and Past President of Dairy Research at Sydney University.

Tony is a Member of the Finance and Audit Committee and Member of the Risk and Compliance Committee.

What majority of votes is required to pass Resolution 2?

Resolution 2 is an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the Resolution.

Directors' recommendation

The Directors recommend you vote in favour of Resolution 2.

RESOLUTION 3 – ELECTION OF GENEVIEVE GREGOR AS A DIRECTOR

Pursuant to Clause 74(3) of the Company's Constitution and ASX Listing Rule 14.4, Genevieve Gregor, having been appointed as a Director of the Company since the last annual general meeting, retires from the office of Director, and, having offered herself for re-election and being eligible, be re-elected as a Director of the Company.

Genevieve was appointed as a Non-executive Director of the Company (independent) on 2 March 2020. Since her appointment to the Board, Genevieve has been heavily involved in identifying and addressing the concerns regarding financial matters and assisting in the Company's recapitalisation plans. Genevieve's experience and skillset have and will continue to serve the board in her capacity as chair of the Risk and Compliance Committee, as well as a member of the Finance and Audit Committee.

Genevieve is a Founding Partner of Colinton Capital Partners, a mid-market private equity firm investing in Australian growth companies. Prior to this, Genevieve was the co-head and Managing Director of the Asian Special Situations Group in Australia for Goldman Sachs for eight years. Genevieve has had over 25 years' experience working in banking and finance. She has completed numerous major financing transactions for the Australian corporate market over her career and been involved in a number of high-profile mergers and acquisitions. Prior to joining Goldman Sachs, Genevieve was head of the Australian loan capital markets business at

Citigroup. Prior to Citigroup, she worked at MIM Holdings, now Xstrata Limited.

Genevieve was until recently the Deputy Chancellor of Western Sydney University, Chair of the Finance and Investment Committee and Trustee at WSU for over 10 years.

She is currently a non-executive director of Clear Dynamics Software, a Steering Group member of the IP Group Australia Pty Ltd.

Genevieve is a Graduate of the Australian Institute of Company Directors, is the Chair of the Risk and Compliance Committee and Member of the Finance and Audit Committee.

What majority of votes is required to pass Resolution 3?

Resolution 3 is an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the Resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 3.

RESOLUTION 4 – ELECTION OF JANE MCKELLAR AS A DIRECTOR

Pursuant to Clause 74(3) of the Company's Constitution and ASX Listing Rule 14.4, Jane McKellar, having been appointed as a Director of the Company since the last annual general meeting, retires from the office of Director, and, having offered herself for re-election and being eligible, be re-elected as a Director of the Company.

Jane was appointed as a Non-executive Director of the Company (independent) on 8 May 2020.

Since her appointment to the Board and subsequently as Chair of the People and Culture Committee, Jane has overseen a comprehensive overhaul of the executive remuneration framework, strengthening of Culture initiatives and overseeing the appointment of new, key senior management.

Jane is an experienced non-executive director in both public and private companies in Australia and the USA, bringing deep international consumer, digital, brand, marketing and governance experience to bear.

Jane's executive experience as both a CEO and Chief Marketing Officer spans the consumer-focused FMCG, luxury and retail industries and she is one of the original 'digital natives' in Australian digital and e-commerce industries, as a CEO and CMO. Jane has held senior roles in Unilever, Microsoft, Elizabeth Arden and Stila Corporation and she has built a strong reputation over the years for leading teams and transforming businesses in difficulty back on the road to profitability and growth.

Her key contributions are in consumer-focused business transformation, harnessing digital, technology, brand and marketing to enhance business performance.

Jane currently sits on the Boards of ASX listed McPhersons and GWA Group and also is on the Board of the NRMA.

Jane is a Graduate of the Australian Institute of Company Directors and is Chair of the People and Culture Committee (formerly Remuneration Committee).

What majority of votes is required to pass Resolution 4?

Resolution 4 is an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the Resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 4.

RESOLUTION 5 – ELECTION OF TIMOTHY BRYAN AS A DIRECTOR

Pursuant to Clause 74(4) of the Company's Constitution and ASX Listing Rule 14.3, Timothy Bryan, having been appointed as an Alternate Director of the Company has been nominated by the Directors for election at the Annual General Meeting and having offered himself for election and being eligible, be elected as a Director of the Company.

Timothy was appointed as an Alternative Non-executive Director (Non-independent) of the Company for Anthony Perich on 4 December 2019 and as an Alternative Non-executive Director of the Company for Ronald Perich on 6 August 2020.

Timothy is a Chartered Accountant, a Graduate of the Australian Institute of Company Directors and the Chief Executive Officer of the Perich Group. He was formerly managing partner of the chartered accounting firm Kelly & Partners South West Sydney. Outside of the Perich Group, Timothy holds a number of other directorships which include Kids of Macarthur Health Foundation and Ingham Institute, where he also chairs the finance and audit committee.

Although Timothy is not considered independent by the Board, the Board greatly benefits from Timothy's financial expertise, experience, and skillset, in order to continue to drive the strategic objectives of the company. The Board is of the view that Timothy's contribution can be more effectively utilised in his capacity of a Director, if elected, rather than as an Alternate Director moving forward.

What majority of votes is required to pass Resolution 5?

Resolution 5 is an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 5.

RESOLUTION 6 FREEDOM FOODS EQUITY INCENTIVE PLAN (EIP) APPROVAL

The following information is provided for the purpose of Listing Rule 7.2 exception 13.

A voting exclusion statement is included in the Notice of Meeting accompanying this Explanatory Memorandum.

The ASX Listing Rules

The ASX Listing Rules generally restrict listed companies from issuing more than 15% of their issued share capital in any 12 month period without shareholder approval.

However, there are exceptions to this restriction, one of which states that general Listing Rule requirements for shareholder approval will not apply to an issue under an employee incentive scheme if, within three years before the date of the issue, shareholders approve the issue of securities under the scheme as an exception to the rule.

If the Freedom Foods Equity Incentive Plan is approved by shareholders, issues under the Freedom Foods Equity Incentive Plan over the next three years will fall under this ASX Listing Rule exception and will not affect the Company's ability to separately issue up to 15% of its total ordinary securities in any 12 month period (without having to obtain further shareholder approval). However, the exception does not apply to Directors and their associates, who are deemed related parties of the Company, and issues to such persons will require separate approval under Listing Rule 10.14.

The most recent approval of Freedom Foods Equity Incentive Plan was at the 2016 AGM held on 24 November 2016 and 3,695,000 securities have been issued under this plan.

If approval is obtained from Shareholders, the maximum number of equity securities (as defined by the ASX Listing Rules) proposed to be issued under the Equity Incentive Plan for the three years following the approval is 13,855,466 which is 5% of the current number of fully paid ordinary shares on issue. The maximum number of equity securities is not intended to be a prediction of the actual number of equity securities to be issued under the Equity Incentive Plan but is specified for the purposes of setting a ceiling on the number of equity securities approved to be issued under and for the purposes of ASX Listing Rule 7.2, Exception 13(b). It is not envisaged that the maximum number of equity securities for which approval is obtained will be issued immediately.

Key Terms of the EIP

The key terms of the EIP is set out below and a copy of the rules of the EIP is available upon request from the Company.

EIP terms generally

The EIP is an employee equity plan developed to meet contemporary equity design standards and to provide the greatest possible flexibility in the design and offer choices available in respect of various new equity schemes.

The EIP enables the Company to offer its employees and directors a range of different employee share scheme (ESS) interests. These ESS interests or 'awards' include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

The type of ESS interest that may be offered will be determined by a number of factors, including:

- the remuneration or incentive purpose of the award;
- the tax jurisdiction that the participating employee lives and/or works in;

- the laws governing equity incentives where the participating employee lives and/or works; and
- the logistics and compliance costs associated with offering equity incentives where the participating employee lives and/or works.

Whenever Shares are acquired under the EIP, they may be acquired and held by the Freedom Foods Group Limited Employee Share Scheme Trust (EST). The trust deed (EST Trust Deed) outlines the rules of the EST and the responsibilities of the Trustee, the Company and the participants. A copy of the EST Trust Deed is available upon request from the Company.

Summary of EIP Key Terms and Key Policy Settings

Eligibility

The Board has the discretion to determine which employees are eligible to participate in the EIP. The definition of employee under the rules of the EIP includes any full time or permanent part time employee or officer or director (excluding Anthony Perich, and Tim Bryan) of the Company or any related body corporate of the Company.

Vesting conditions

The vesting of any ESS interests issued under the EIP, excluding exempt shares, may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to the employee in the individual's offer documents.

Exercise of securities

Vested ESS interests issued under the EIP will not automatically trigger the issue of the securities, but a participant will be entitled to exercise and become entitled to the securities in accordance with the terms contained in the invitation to the individual.

Price

Securities issued under the EIP may be issued at no cost to the participants. ESS interests may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the individual's offer documents.

Lapse/forfeiture

ESS interests issued under the EIP will lapse or be forfeited on the earliest of:

- any expiry date applicable to the ESS interests;
- any date which the Board determines that vesting conditions applicable to the ESS interests are not met or cannot be met;
- the participant dealing in respect of the ESS interests in contravention of the EIP; and the Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

Board may elect to settle in cash

If the Board determines that it is not appropriate for tax, legal, regulatory or compliance reasons to issue or transfer securities upon satisfaction of its obligations under the plan, the Company may make a cash payment to the participant in accordance with the terms of the plan for equivalent value.

Disposal restrictions

Disposal of securities issued on exercise of the ESS interests will be subject to the Company's securities trading policy. The EIP or issues of ESS interests made under the EIP may provide for time or other restrictions on disposal of vested ESS interests. The Board may waive or shorten any restriction period applicable to securities issued under the EIP, as contained in the offer to the participant.

Change of control

On the occurrence of a Change of Control (as defined in the rules of the EIP), the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested securities issued under the EIP shall be dealt with.

Cessation of employment

All unvested securities issued under the EIP lapse immediately on termination of employment unless any Leaver's Policy applies or the Board determines otherwise depending on the circumstances.

Claw back

In the event of fraud, dishonesty, material misstatement of financial statements or other exceptional circumstances, the Board may make a determination, including to lapse unvested ESS interests or "clawback" securities allocated upon vesting.

No dealing or hedging

Dealing restrictions apply to securities issued under the EIP in accordance with the rules of the EIP and the Company's share trading policy. Participants are prohibited from hedging or otherwise protecting the value of unvested securities issued under the EIP.

Rights attaching to Shares

Shares issued under the plan will rank equally for dividends and other entitlements, be subject to any restrictions imposed under these rules and otherwise rank equally with the existing Shares on issue at the time of allotment.

Dividends and voting rights

ESS interests granted under the EIP do not carry any dividend or voting rights.

Re-testing

There is no re-testing under the EIP.

Company may issue or acquire shares

The Company may, in its discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations under the EIP.

Adjustments

Prior to the allocation of shares to a participant upon vesting or exercise of securities issued under the EIP, the Board may make any adjustment it considers appropriate to the terms of the ESS interests in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction.

Limits on securities issued

The number of securities that may be issued under the EIP is set with regard to the limits prescribed under ASIC Class Order 14/1000 with respect to employee share scheme offers made without a prospectus. Currently these limits

provide that the number of shares that may be issued, when aggregated with a number of shares issued during the previous 3 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted to the previous five years under any such employee share scheme), must not exceed 5% of the total number of shares on issue, disregarding certain unregulated offers.

If approval is obtained from Shareholders, the maximum number of equity securities (as defined by the ASX Listing Rules) proposed to be issued under the EIP for the three years following the approval is 13,855,466 which is 5% of the current number of fully paid ordinary shares on issue. The maximum number of equity securities is not intended to be a prediction of the actual number of equity securities to be issued under the EIP but is specified for the purposes of setting a ceiling on the number of equity securities approved to be issued under and for the purposes of ASX Listing Rule 7.2, Exception 13(b). It is not envisaged that the maximum number of equity securities for which approval is obtained will be issued immediately.

Continued operation of the plan

The plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the listing rules.

What majority of votes is required to pass Resolution 6?

Resolution 6 is an ordinary resolution which requires it to be passed by a simple majority of the votes cast by shareholders entitled to vote on the resolution.

Voting

Please refer to the Notice of Meeting for the voting exclusions that apply to Resolution 6.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

Directors' recommendation

The directors recommend you vote in favour of Resolution 6. The Chair intends to vote all undirected proxies in favour of this resolution.

GLOSSARY

AGM means Annual General Meeting.

Board means the board of Directors of the Company.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Freedom Foods Group Limited ABN 41 002 814 235.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Key Management Personnel (or **KMP**) has the meaning given to that term in the Corporations Act.

Meeting means the Annual General Meeting the subject of the Notice.

Notice means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

Resolution means a resolution proposed pursuant to the Notice.

Restricted Voter means the Key Management Personnel and their Closely Related Parties.