
Prospectus

for the issue of convertible notes

Prospectus for the offer of up to \$265 million subordinated, secured convertible notes (**Notes**) to be issued by Freedom Foods Group Limited (**Company**) at a price of \$1.00 per Note comprising an offer of Notes to Eligible Investors to raise up to \$130 million (**Wholesale Investor Offer**) and a placement of Notes to Arrovest to raise \$200 million with capacity to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer (**Placement**).

The **Wholesale Investor Offer** and **Placement** are collectively referred to as the **Capital Raising**.

The Wholesale Investor Offer closes at 5:00pm (Sydney time) on 7 May 2021 (unless extended). Valid Applications must be received by that time.

Applications must be submitted via <https://events.miraqle.com/ffgl-offer>

This document is not for release to US wire services or distribution in the United States except by the Company to Arrovest and Eligible Investors

IMPORTANT
<p>The Notes are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security.</p> <p>This Prospectus provides important information about the Company and the securities being offered by the Company. You should read the entire document. This Prospectus is a transaction-specific document issued in accordance with section 713 of the <i>Corporations Act 2001</i> (Cth). If you have any questions about the securities being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser.</p>

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Important Notice

About this Prospectus

This Prospectus is issued by Freedom Foods Group Limited ACN 002 814 235 (**Company**) in relation to a capital raising to raise up to \$265 million which will comprise:

- an invitation to Eligible Investors to participate in an offer of up to \$130 million of subordinated, secured convertible notes (**Notes**) (the **Wholesale Investor Offer**); and
- a placement of Notes by the Company to Arrovest Pty Ltd (**Arrovest**) to raise \$200 million, subject to a scale back by the Company (**Placement**),

(collectively the **Capital Raising**).

Eligible Investors who wish to participate in the Wholesale Investor Offer are encouraged to submit an Application via <https://events.miraqle.com/ffgl-offer>.

Detailed information in relation to how Eligible Investors may apply for Notes under the Wholesale Investor Offer is set out in Section 3.

The Notes are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security.

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

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.

Before deciding to participate in the Capital Raising, you should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business or the financial affairs of the Company or the Notes offered under this Prospectus. You should

carefully consider the risks that impact on the Company in the context of your personal requirements (including your financial and taxation position) and seek professional advice where necessary prior to deciding whether to invest. Some of the risks that you should consider are set out in Section 7 of this Prospectus.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Section 10 defines these words and expressions.

The definitions specific to the Notes in the Note Terms are also contained in the Glossary. If there is any inconsistency in definitions between the Glossary and the Note Terms, the definitions in the Note 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 19 March 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 Capital Raising, the Notes or Shares.

The expiry date of this Prospectus is 19 April 2022, being 13 months after the date of issue of this Prospectus. No securities 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 offer of Notes which are convertible into continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act and *ASIC Corporations (Offers of Convertibles) Instrument 2016/83*. 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.

Exposure Period

The Corporations Act prohibits the acceptance of an application for, or an issue of, the Notes in the seven calendar day period after the date this Prospectus was lodged with ASIC. This period is the Exposure Period. The Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable materials in the Prospectus, which relate to the Wholesale Note Offer, to be examined by ASIC and market participants before the Wholesale Note Offer may be accepted by investors.

The Company will not accept an Application for, nor will it issue any Notes during the Exposure Period. Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and any Application Forms received during the Exposure Period will be treated as if they were received on the date on which the Wholesale Investor Offer opens.

Electronic Prospectus and Application Form

This Prospectus will generally be made available in electronic form at <https://events.miraqle.com/ffgl-offer>. This link

will also be posted on the Company's website at www.ffgl.com.au.

Any person accessing the electronic version of this Prospectus must be an Eligible Investor. Eligible Investors who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form free of charge from the Company's registered office during the Offer Period by contacting the Company as detailed in the Corporate Directory.

The Wholesale Investor Offer detailed in this Prospectus is only available to persons receiving this Prospectus that are Eligible Investors.

Applications will only be accepted on the relevant Application Form submitted via <https://events.miraqle.com/ffgl-offer>.

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

An application for Notes by Eligible Investors 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 Capital Raising 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, or its associates in connection with the Capital Raising.

Except as required by law and then only to the extent so required, none of the Company, the

Trustee, the Security Trustee, the Note Registrar nor the Paying Agent, nor any of their respective associates warrants or guarantees the future performance of the Company, the Notes or any Shares issued on conversion or redemption of the Notes 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 Capital Raising 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 FY20 Annual Report on 30 November 2020. A copy of this report can be obtained free of charge. Alternatively, this report can be read and/or downloaded from the Company's website: www.ffgl.com.au. See Section 8.3 for further details.

Eligible Investors should also note that the Company recently released its half-year report for the half-year ended 31 December 2020 and quarterly activity report for the quarter ended 31 December 2020. Eligible Investors should refer to the Company's ASX announcements on 1 March 2021 for further information, available at www.ffgl.com.au.

The Company is also required to lodge a quarterly cashflow statement and quarterly activity statement for the period ended 31 March 2021 during the Offer Period. Eligible Investors are advised to take these statements, when made available, into account before deciding whether to invest in the Company.

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 Capital Raising. 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. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission.

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 Wholesale Investor Offer or the Notes, or otherwise permit an offer of the Notes, in any jurisdiction other than Australia, except that Eligible Investors in New Zealand, Singapore, Hong Kong, United Kingdom and the United States may participate in the Wholesale Investor Offer.

The Prospectus and Application Form will be only be available to Eligible Investors with registered addresses in Australia, New Zealand, Singapore, Hong Kong, United Kingdom and the United States.

The Wholesale Investor Offer is not being extended to any Eligible Investor outside of Australia, New Zealand, Singapore, Hong Kong, United Kingdom and the United States.

The distribution of this Prospectus (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.

The Corporations Act prohibits any person from passing an Application Form to another person unless it accompanies or is included in a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

See Section 8.20 on foreign selling restrictions.

Taxation considerations

The potential tax effects of the Wholesale Investor Offer will vary between investors. Section 6 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to Noteholders. Accordingly, you should seek your own tax advice, which is specific to your particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.

Trustee, Security Trustee, Note Registrar and Paying Agent

Global Loan Agency Services Australia
Specialist Activities Pty Limited (ACN 635 992 308):

- (a) has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (b) nor any of its directors, employees, officers, affiliates, agents, advisors, delegates, attorneys, intermediaries or related body corporate (each a **"related person"**) assumes any responsibility for the accuracy or completeness of any information contained in this Prospectus;
- (c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;

- (d) 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 content in which it is named;
- (e) nor any related person makes any representation as to the truth, completeness and accuracy of the contents of this Prospectus;
- (f) has relied on the Company for the accuracy and completeness of the contents of this Prospectus; and
- (g) nor any related person makes any representation or warranty as to the performance of the Notes or the payment of interest, Conversion or Redemption of the Notes.

to have a material effect on the price or value of its securities (i.e. its Shares and, if the Capital Raising is successfully concluded, the Notes). 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.

In addition, the following information can be obtained from 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.

Privacy Disclosure

Refer to the information in the privacy statement in Section 8.28. It is important that you understand that by submitting an Application Form via <https://events.miracle.com/ffgl-offer> and applying for Notes 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 Notes?

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

Enquiries

If you have any questions in relation to the Capital Raising, the Notes or the Application Form, please call the Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) between 8:30 am and 5:30 pm (Sydney time), Monday to Friday during the period from and including the date on which the Wholesale Investor Offer opens until and including the date on which it closes.

All correspondence in relation to the issue of the Notes and information required from Noteholders should be addressed to the Trustee, not Link.

Chair's Letter

Dear Shareholder and Potential Investor

On behalf of the Board of Freedom Foods Group Limited (**Freedom Foods** or the **Company**), I invite you to consider the opportunity to invest in unlisted, subordinated and secured convertible notes to be issued by the Company (**Notes**).

As noted in the Company's recent ASX announcements, the Company has been undertaking a thorough capital review to strengthen its financial position. On 19 March 2021, Freedom Foods announced it had entered into binding agreements with its majority shareholder, Arrovest, and its senior lenders, NAB and HSBC, to recapitalise the business and restructure the Company's remaining senior debt facilities (**Recapitalisation**).

The Recapitalisation is an important step in the operational and financial turnaround of Freedom Foods Group, which has been underway since last year.

To date, this has involved undertaking significant Board and management renewal processes, strengthening governance controls, policies and frameworks, the sale of certain non-core assets, the adoption of a simplified business strategy with a focus on the brands and products with the greatest potential in two key segments – Dairy and Nutritionals and Plant-based Beverages – and the development of a multi-year business and transformation plan to drive profitability. Further information is contained within the Investor Presentation set out in Section 4, which I encourage you to read.

The Company's first half FY21 financial results demonstrate that the Company has made a good start on its turnaround. The Board and management believe the Recapitalisation will enable the Company to continue that progress and restore Freedom Foods Group to sustainable and profitable long-term growth.

As part of the Recapitalisation, the Company will:

- undertake a capital raising (**Capital Raising**) to raise up to \$265 million, by way of issue of Notes which will comprise:
 - an invitation to Eligible Investors to participate in an offer of up to \$130 million of Notes (**Wholesale Investor Offer**); and
 - a placement of up to \$200 million of Notes to Arrovest, subject to the Company having the ability to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer (**Placement**); and
- restructure its existing senior debt facilities with its existing senior lenders.

The net proceeds from the Capital Raising will be applied to:

- repay between \$183 million and \$233 million of its existing debt, consistent with the requirements of the Company's senior lenders;
- provide a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company; and
- provide incremental capital to support the Company's turnaround strategy.

The Board has decided the issue of Notes is the preferred capital raising structure for a number of reasons, including that:

- the Board considers that the Notes are the best option available to attract the necessary funds on terms acceptable to the Company;

- the Notes provide flexibility for investors to participate in any future equity upside by converting Notes into ordinary Shares (subject to the Shareholder Approvals being obtained);
- the Notes provide downside protection for the incoming capital provided by investors in the Notes with the benefit of subordinated security over the Company's assets, particularly while the Company undertakes its operational turnaround and defends itself from material legal disputes and class actions; and
- Eligible Shareholders (excluding Arrovest) will have an ability to participate in the Wholesale Investor Offer on a priority basis.

The Board, with input from the Company's advisers, considers that the Note Terms strike a reasonable balance between the requirement of Noteholders to have an adequate return on their investment relative to the risks of investment.

Further, and subject to obtaining the Shareholder Approvals in relation to the Recapitalisation, the Company intends to also offer approximately 40.8 million ASX-listed options (**Options**) to acquire Shares on a pro-rata basis to the Company's Shareholders (excluding Arrovest) who are registered as at the date on which voting entitlements in respect of the Shareholder Approvals are determined to raise up to a maximum of \$40 million. The exercise price of an Option is expected to be \$0.98 with an expiry date of 6 years after the issue date. There will be no payment initially required to acquire the Options and it is intended that the Options will be tradeable on the ASX. Payment will be required on exercise. The Company will prepare a separate prospectus for the Options, which will be made available to Shareholders if the Shareholder Approvals are obtained. The primary purpose for offering the Options is to provide potential future equity participation in the Company, given not all shareholders may be eligible to participate in the Notes.

Capital Raising

Freedom Foods Group is seeking to raise up to \$265 million via the issue of Notes.

As described in this Prospectus, the Notes will have an expected Maturity Date of May 2027, six years after the Issue Date. The Notes will not be listed on a securities exchange and can only be privately traded. Subject to the Shareholder Approvals being obtained, Noteholders will have a right to convert the Notes to Shares on the terms set out in the Note Terms. If the Shareholder Approvals are not obtained, Noteholders will not have a right to convert the Notes to Shares, however the Notes will be capable of being 'cash-settled' on the occurrence of certain events.

Section 9 summarises the key features of the Notes and copy of the full Note Terms are annexed to this Prospectus. This Prospectus, including the Note Terms and key risks, should be carefully considered before deciding whether to participate in the Wholesale Investor Offer.

The full \$265 million Capital Raising is not underwritten, however Arrovest has entered into a binding commitment to subscribe for \$200 million of Notes pursuant to this Prospectus and subject to the terms of the Arrovest Commitment Letter. The balance of \$65 million is being raised on a best-efforts basis. The Board and management considers that the minimum amount of \$200 million to be raised under the Capital Raising (comprising Arrovest's commitment) will provide sufficient funding to achieve the Company's Recapitalisation objectives of reducing its senior debt and facilitating the Company's turnaround objectives.

The Company intends to hold an Extraordinary General Meeting of its Shareholders in the week beginning 17 May 2021 seeking a number of inter-conditional approvals in relation to the issuance of Notes and Options. The outcome of the meeting will determine, amongst other things, whether the Notes may be converted into Shares or whether they may only be cash-settled (see Sections 9.17 and 9.23). Further details regarding the Shareholder Approvals are set out in Section 5.6.

Arrovest's participation in the Capital Raising is subject to a number of conditions that must be satisfied or waived on or before completion of the Wholesale Investor Offer. Details of the potential control implications on the Company as a result of Arrovest's participation in the Capital Raising are

set out in Section 5.5. Further details regarding Arrovest's commitment are set out in Section 8.6 of this Prospectus.

As noted above, the Company also intends to issue Options to eligible Shareholders pursuant to a separate prospectus if the Shareholder Approvals in relation to the Recapitalisation (including the issue of the Options) are obtained.

Debt restructure and use of proceeds from Capital Raising

If the Company raises only \$200 million under the Capital Raising, the Company has agreed to apply a minimum of \$126 million of the proceeds towards repayment of its existing senior term and revolving debt and \$57 million towards repayment of its existing subordinated facility. The balance of proceeds will provide the Company with working capital for general corporate purposes, including payment of fees and expenses associated with the Capital Raising.

To the extent that the Company raises funds pursuant to the Capital Raising in addition to the \$200 million commitment from Arrovest, the first \$15 million raised above \$200 million will be applied towards the Company's balance sheet for additional working capital purposes. The next \$50 million raised will be utilised to further repay the Company's existing senior term facilities as described below.

As part of the Recapitalisation, the Company will enter into amendments of its existing senior facility documents pursuant to which NAB and HSBC, as senior lenders, will provide a new 2 year, \$36 million senior secured revolver facility. That senior secured revolver facility will be undrawn as at completion of the Capital Raising. The senior lenders will also provide, a 2 year term debt facility for up to \$50 million. The term debt facility limit will be determined once the total proceeds raised under the Capital Raising has been determined. If the Company raises \$200 million under the Capital Raising then the term debt facility limit will be \$50 million. If the Company raises \$265 million under the Capital Raising then the term debt facility will be repaid in full and will be cancelled. The Company's existing equipment financing facilities with NAB, and its existing debtor financing facilities with HSBC, will remain in place on substantially the same terms.

The senior bank facilities will be secured and (other than in respect of limited exceptions as described in the Prospectus) will have first ranking security over the assets and undertakings of the Company. The Notes will be secured and will have second ranking security over the assets and undertakings of the Company. The arrangements between the respective security interests of the senior lenders and the Noteholders will be governed by an intercreditor deed, details of which are contained in Section 8.15 of this Prospectus.

The Recapitalisation will benefit the Company by providing it with two years of financial covenant-free senior debt and six years of financial covenant-free subordinated 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 unconverted.

Importantly, following completion of the Capital Raising, while the aggregate level of debt will not reduce as the Notes are classified as debt upon issuance, the Company's pro-forma senior secured balance sheet debt will fall by \$183 - \$233 million, which is important given the Notes issued may be converted into equity in the future. Given the Company's restated financial position as detailed in its FY20 Annual Report and first-half FY21 financial report, and historical EBITDA losses, the Company's senior and total leverage has been historically very high. The Company expects its senior leverage to reduce further over time with an improvement in the Company's financial performance, with total leverage to reduce as the Notes are either converted or repaid. The Investor Presentation provides examples of what the potential ownership impacts are of the Notes being converted into ordinary shares.

Further information

This Prospectus contains information about the Company and the Capital Raising. You should read this Prospectus carefully before deciding whether to invest in the Notes and, in particular, you should consider the risk factors set out in Section 7 before deciding whether to apply for Notes. The Note

is a complicated instrument and if you are unclear in relation to any aspect of the Wholesale Investor Offer, or if you are uncertain whether the Notes are a suitable investment for you, you should consult your professional adviser.

The Wholesale Investor Offer closes at **5:00pm (Sydney time) on 7 May 2021**. To participate, Eligible Investors must complete their Application Form (available at <https://events.miracle.com/ffgl-offer>) and pay their Application Monies via BPAY® pursuant to the instructions that are set out on the Application Form by the Closing Date. See Section 3 of this Prospectus for further information about payment methods.

If, after reading this Prospectus, you have any questions about the Capital Raising or how to apply for Notes, please call the Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (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, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Genevieve Gregor', with a long horizontal line extending to the left.

Genevieve Gregor
Chair & Non-Executive Director

Summary of Capital Raising and Key Dates

Key Capital Raising statistics

Overview of Capital Raising	
Number of Notes to be issued under the Capital Raising	up to 265 million Notes
Capital Raising proceeds (before costs)	Minimum of \$200 million Maximum of \$265 million
Overview of Wholesale Investor Offer	
Issue Price	\$1.00 per Note
Conversion Price	\$0.70 per Note*
Maximum number of Notes offered under the Wholesale Investor Offer (at \$1.00 per Note)	up to 130 million Notes
Maximum Wholesale Investor Offer proceeds (before costs)	up to \$130 million
Overview of Placement to Arrovest	
Maximum number of Notes to be issued to Arrovest under the Placement (at \$1.00 per Note)	200 million Notes
Minimum number of Notes to be issued to Arrovest under the Placement (at \$1.00 per Note)	135 million Notes
Placement proceeds (before costs)	up to \$200 million subject to the scale back referred to in Section 2.5

*Subject to adjustments in accordance with the Note Terms.

Indicative timetable of key dates

Key dates for the Capital Raising	Date
Announcement of Capital Raising	19 March 2021
Prospectus lodged with ASIC and ASX	19 March 2021
Shares expected to recommence trading on ASX	22 March 2021
Company to lodge notice of meeting and explanatory memorandum containing independent expert's report with ASX and despatch materials to Shareholders	mid-April 2021
Extraordinary General Meeting	Week beginning 17 May 2021
Key dates for the Wholesale Investor Offer	Date
Wholesale Investor Offer opens	29 March 2021*
Record Date for determining priority allocation for Shareholders who are Eligible Investors	19 March 2021
Wholesale Investor Offer closes	7 May 2021
Allotment Date - finalisation of allocations under Wholesale Investor Offer	11 May 2021
Financial Close and issue of Notes under the Wholesale Investor Offer	Following Extraordinary General Meeting (in the week beginning 17 May 2021)
Key dates for Placement to Arrovest	Date
Finalisation of allocation under the Placement	11 May 2021
Financial Close and issue of Notes under the Placement	Following Extraordinary General Meeting (in the week beginning 17 May 2021)**

Note: This timetable is indicative only and subject to change without notice.

*Opening of the Wholesale Investor Offer subject to Exposure Period.

**The Notes will only be issued after the outcome of the Extraordinary General Meeting is known.

Dates may change

The key dates for the Notes, Wholesale Investor Offer and Capital Raising are indicative only and may change without notice.

The Company, in consultation with the Lead Manager, may agree (without notice to any person) to vary the timetable, including by extending the closing date of the Wholesale Investor Offer or the Capital Raising, closing the Wholesale Investor Offer early, accepting late Applications or withdrawing the offer made under the Wholesale Investor Offer at any time before the Notes are issued including if the conditions under the Arrovest Commitment Letter are not satisfied or waived, as set out in Section 8.6.

If the offer made under the Capital Raising is withdrawn before the issue of the Notes, all Application Monies received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by up to seven calendar days in which case the opening date for the Capital Raising and other dates may be varied accordingly without notice.

Cooling off rights do not apply to an investment in the Notes. You cannot withdraw your Application once it has been accepted. Eligible Investors wishing to participate in the Wholesale Investor Offer are encouraged to submit their Application Form as soon as possible after the Wholesale Investor Offer opens.

1 Investment Overview

This Section provides a summary of key features and risks relevant to a decision to invest in the Notes.

The Notes are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security. You should seek professional advice prior to making any application to invest.

This Section is a summary only and you should read this Prospectus in full 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
1.1 Overview of the Recapitalisation		
What is the Recapitalisation?	<p>The Recapitalisation includes the following key components:</p> <ul style="list-style-type: none"> undertaking a Capital Raising pursuant to this Prospectus to raise up to \$265 million, by way of issue of Notes; repaying between \$183 million and \$233 million of existing debt, consistent with the requirements of the Company's Senior Financiers; and amendments to the Company's existing senior facility documents pursuant to which its Senior Financiers will provide a new 2 year, \$36 million senior secured revolver facility, which will be undrawn as at completion of the Capital Raising. The Senior Financiers will also provide a 2 year term debt facility for up to \$50 million. <p>Further, and subject to obtaining the Shareholder Approvals in relation to the Recapitalisation, the Company intends to issue approximately 40.8 million ASX-listed options (Options) to acquire Shares on a pro-rata basis to the Company's Shareholders (excluding Arrovest) who are registered as at the date on which voting entitlements in respect of the Shareholder Approvals are determined.</p> <p>While the Capital Raising is not underwritten, the Company has received a binding commitment from its majority Shareholder, Arrovest Pty Ltd (Arrovest) to subscribe for \$200 million of the Notes with capacity to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer.</p> <p>In addition to the Capital Raising, the Company proposes to hold an Extraordinary General Meeting during the week beginning 17 May 2021 to seek certain Shareholder Approvals, the details of which are set out in Section 5.6.</p>	Section 2.1
Why is the Company undertaking the Recapitalisation?	<p>The Company is undertaking the Recapitalisation in order to:</p> <ul style="list-style-type: none"> repay between \$183 million and \$233 million of its existing debt, consistent with the requirements of the Company's existing Senior Financiers; provide a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company; and provide incremental capital to support the Company's turnaround strategy. 	Section 2.1
1.2 Overview of the Capital Raising		
What is the Capital Raising?	<p>The Capital Raising involves an offer of up to \$265 million of Notes comprising:</p> <ul style="list-style-type: none"> an invitation to Eligible Investors to participate in an offer of up to \$130 million of Notes (Wholesale Investor Offer); and a placement of \$200 million of Notes to Arrovest, subject to the Company having the ability to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer (Placement). <p>Arrovest has provided a binding commitment to subscribe for \$200 million of Notes pursuant to this Prospectus and subject to the terms of the Arrovest Commitment Letter, as summarised in Section 8.6.</p>	Section 2.2

Topic	Summary	Where to find more information
How much is being raised under the Capital Raising?	<p>The Company seeks to raise a minimum of \$200 million and up to \$265 million under the Capital Raising. Pursuant to the Arrovest Commitment Letter, Arrovest has committed to subscribe for \$200 million of Notes pursuant to this Prospectus. The balance of \$65 million is being raised on a best-efforts basis.</p> <p>To the extent that the Company raises funds pursuant to the Capital Raising in addition to the \$200 million commitment from Arrovest, the first \$15 million raised above \$200 million will be applied towards the Company's balance sheet for additional working capital purposes. The next \$50 million raised will be utilised to further repay the Company's existing senior term facilities as described in this Prospectus.</p>	Section 2.2
How will the expenses of the Recapitalisation be paid?	Expenses in relation to the Recapitalisation will be paid by the Company using proceeds of the Capital Raising.	Section 5.5
What is the Placement?	<p>The Placement is a placement of Notes to Arrovest, up to a maximum of \$200 million with capacity to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer.</p> <p>On 19 March 2021, the Company and Arrovest entered into the binding Arrovest Commitment Letter pursuant to which Arrovest agreed to subscribe for \$200 million of Notes (subject to scale back depending on the level of participation under the Wholesale Investor Offer). See Section 8.6 for further details.</p>	Section 2.5
What are the key dates of the Capital Raising and Recapitalisation?	The key dates are set out in the "Key Dates" section of this Prospectus.	Key Dates
What are the Notes?	<p>The securities offered by the Company under the Capital Raising are unlisted, subordinated, secured, redeemable convertible notes (Notes) with a six-year term.</p> <p>The Notes are:</p> <ul style="list-style-type: none"> • fully paid – the Issue Price of \$1.00 per Note must be paid to the Company before the Notes are issued; • redeemable – the Notes may be Redeemed, which means the Company may, or may be required to, buy back the Notes prior to the Maturity Date (at the Makewhole Amount, subject to certain conditions); • subordinated secured – the Notes are secured by security granted by the Company and the Guarantors over all of their assets and undertakings, to the Trustee under the terms of the Transaction Documents; • ranked, for security purposes, after all Priority Permitted Debt – although the Notes have priority over the Company's ordinary Shares, all Shortfall Debt and the claims of unsecured creditors, the Notes rank behind the Company's Priority Permitted Debt and the claims of other creditors with priority at law in a winding up. The Notes rank equally with each other Note and any Permitted Debt which Noteholders agree by Special Resolution ranks equally with the Notes; • convertible into cash – if the Shareholder Approvals are not obtained, the Notes may be Cash-Settled; • convertible into Shares – the Notes are convertible into Shares following receipt of all Shareholder Approvals. The Notes are Converted into Shares calculated by dividing the Equity Conversion Amount by a Conversion Price of \$0.70, subject to customary adjustments as outlined in Section 9.28; and • unlisted – the Notes will not be quoted on ASX or any securities exchange. <p>A summary of the Note Terms is set out in Section 9 and a full copy is annexed to this Prospectus.</p>	Section 9
Why does the Capital Raising involve the issue of Notes rather than the issue of ordinary Shares?	<p>The Company intends to raise the entire \$265 million under the Capital Raising by way of issuance of Notes. The Board has decided the issue of Notes is the preferred capital raising structure for a number of reasons, including that:</p> <ul style="list-style-type: none"> • the Board considers that the Notes are the best option available to attract the necessary funds on terms acceptable to the Company; 	Section 2.1

Topic	Summary	Where to find more information
	<ul style="list-style-type: none"> the Notes provide flexibility for investors to participate in any future equity upside by converting Notes into Shares (subject to the Shareholder Approvals being obtained); the Notes provide downside protection for the incoming capital provided by investors in the Notes with the benefit of subordinated security over the Company's assets, particularly while the Company undertakes its operational turnaround and defends itself from material legal disputes and class actions; and Eligible Shareholders (excluding Arrovest) will have an ability to participate in the Wholesale Investor Offer on a priority basis. 	
Are any Shareholder approvals required to undertake the Capital Raising?	<p>Yes. The Company is proposing to hold an Extraordinary General Meeting in the week beginning 17 May 2021 of its Shareholders to seek a number of inter-conditional approvals from Shareholders in relation to, amongst other things, the issuance of Notes and Options. The outcome of the Extraordinary General Meeting will determine whether the Notes may be converted into Shares or whether they may only be Cash-Settled.</p> <p>The Company will separately lodge with ASX a notice of meeting and explanatory statement in relation to the Shareholder Approvals being sought, which will include an independent expert's report.</p>	Section 5.6
What happens if the Shareholder Approvals are not obtained?	Whether or not the Shareholder Approvals are obtained will determine whether the Notes are issued with a Cash-Settled Conversion Right. Where the Shareholder Approvals are not obtained, the Notes may only be Cash-Settled and will not be Convertible into Shares unless and until Shareholder approval is obtained in the future. See Sections 9.17 and 9.18 in relation to the Cash-Settled Conversion Right.	Section 5.6
Who is the Trustee, Security Trustee, Note Registrar and Paying Agent?	<p>Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308) (GLAS) has agreed to act as the Trustee and Security Trustee pursuant to the terms of the Trust Deed and Security Trust Deed. GLAS has also agreed to act as Note Registrar and Paying Agent in respect of the Notes. The Notes are issued pursuant and subject to the terms and conditions contained in the Trust Deed.</p> <p>GLAS is an independent provider of finance administration services in the loan agency and corporate trust market. GLAS only provides financial administration services with no ties to any financial institution, enabling GLAS to provide a totally independent service to its clients.</p> <p>Summaries of the Trust Deed and the Security Trust Deed are set out in Sections 8.9 and 8.12.</p> <p>The interest and other payments on the Notes are obligations of the Company and are not guaranteed by the Trustee, the Security Trustee, the Note Registrar or the Paying Agent, or by any of their respective directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporates, or any other entity.</p> <p>The obligation to Redeem the Notes in accordance with the Note Terms is a direct obligation of the Company. None of the Trustee, the Security Trustee, the Note Registrar or the Paying Agent, nor any of their respective directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporates, or any other entity, guarantees the Redemption of or prepayment of any principal or interest under the Notes.</p> <p>GLAS is not responsible for monitoring the Company's or any other party's compliance with the Trust Deed, the Security Trust Deed or any other Transaction Document, nor the Company's business.</p>	Sections 8.9, 8.11 and 8.12
1.3 Effect of the Capital Raising		
Effect on capital structure	<p>As at the date of this Prospectus, the Company currently has 277,109,319 Shares and 101,130 convertible redeemable preference shares on issue.</p> <p>Under the Capital Raising, the Company intends to issue up to 130 million Notes to Eligible Investors and up to 200 million Notes to Arrovest (subject to a maximum number of 265 million Notes being issued).</p> <p>Separately, and subject to the Shareholder Approvals being obtained, the Company intends to offer approximately 40.8 million ASX listed options to acquire Shares (Options) on a pro-rata basis to the Company's Shareholders (excluding Arrovest) to raise up to a maximum of \$40 million.</p> <p>The effect of the Capital Raising on the capital structure of the Company is set out in a table in Section 5.5.</p>	Section 5.5

Topic	Summary	Where to find more information																																												
Effect on financial position	To illustrate the effect of the Capital Raising on the Company's financial position, cashflow and profit and loss, a pro-forma balance sheet, profit and loss statement and cash flow statement have been included in the Investor Presentation in Section 4. While the Recapitalisation will not reduce the amount of debt on the Company's balance sheet (prior to a Conversion of Notes into Shares), it does provide the Company with more flexible capital as the Company implements its turnaround strategy.	Section 4																																												
What is the pro forma drawn debt of the Company?	<p>The table below sets out the pro forma debt position of the Company in three distinct scenarios:</p> <p>(a) the Company's existing position before the Capital Raising;</p> <p>(b) the Company's position where \$200 million is raised under the Capital Raising; and</p> <p>(c) the Company's position where \$265 million is raised under the Capital Raising.</p> <table><tr><th>31 December 2020</th><th>Pro Forma Existing (\$m)</th><th>\$200m raise (\$m)</th><th>\$265m raise (\$m)</th></tr><tr><td>Revolver</td><td>35</td><td>-</td><td>-</td></tr><tr><td>Term loan</td><td>141</td><td>50</td><td>-</td></tr><tr><td>Equipment finance</td><td>87</td><td>87</td><td>87</td></tr><tr><td>Debtor finance</td><td>12</td><td>12</td><td>12</td></tr><tr><td>Subordinated facility</td><td>57</td><td>-</td><td>-</td></tr><tr><td>Gross senior ranking debt:</td><td>332</td><td>149</td><td>99</td></tr><tr><td>Notes</td><td>-</td><td>200</td><td>265</td></tr><tr><td>Gross debt:</td><td>332</td><td>349</td><td>364</td></tr><tr><td>(-) Cash</td><td>47</td><td>54</td><td>69</td></tr><tr><td>Net debt (on balance sheet):</td><td>285</td><td>295</td><td>295</td></tr></table> <p><i>Note: The pro forma existing debt outstanding as at 31 December 2020 represents the drawn debt on balance sheet at 31 December 2020 adjusted to reflect the \$12 million increase in the subordinated facility limit to 25 February 2021 and the impact of the cereals and snacks divestment including the repayment of \$6.5 million equipment finance. Total debt outstanding on the Notes is shown before capitalised borrowing costs of \$6.5 million, and excludes non recourse off balance sheet receivables financing which was \$52.5 million as at 31 December 2020. Refer to the pro forma balance sheet in Section 4 for further details.</i></p>	31 December 2020	Pro Forma Existing (\$m)	\$200m raise (\$m)	\$265m raise (\$m)	Revolver	35	-	-	Term loan	141	50	-	Equipment finance	87	87	87	Debtor finance	12	12	12	Subordinated facility	57	-	-	Gross senior ranking debt:	332	149	99	Notes	-	200	265	Gross debt:	332	349	364	(-) Cash	47	54	69	Net debt (on balance sheet):	285	295	295	Section 4
31 December 2020	Pro Forma Existing (\$m)	\$200m raise (\$m)	\$265m raise (\$m)																																											
Revolver	35	-	-																																											
Term loan	141	50	-																																											
Equipment finance	87	87	87																																											
Debtor finance	12	12	12																																											
Subordinated facility	57	-	-																																											
Gross senior ranking debt:	332	149	99																																											
Notes	-	200	265																																											
Gross debt:	332	349	364																																											
(-) Cash	47	54	69																																											
Net debt (on balance sheet):	285	295	295																																											
1.4 Overview of Arrovest																																														
Who is Arrovest?	Arrovest is a privately-owned family investment Company run by the Perich Group. Arrovest is the majority Shareholder of the Company, holding 52.5% of Shares on issue. Arrovest is also represented on the Company's Board by Tony M. Perich AM, who holds more than 20% of the voting power of Arrovest, and Timothy Bryan who is the current Chief Executive Officer of the Perich Group.	Section 2.5																																												
How is Arrovest participating in the Capital Raising?	<p>Pursuant to the Arrovest Commitment Letter, Arrovest has agreed to subscribe for \$200 million of Notes under the Placement.</p> <p>Depending on the level of participation of Eligible Investors in the Wholesale Investor Offer, Arrovest's total investment may be scaled back to a minimum subscription of \$135 million.</p>	Section 2.5																																												
What will Arrovest's ownership of the Company be following completion of the Capital Raising?	<p>Arrovest is the majority Shareholder of the Company, holding as at the date of this Prospectus approximately 52.5% of the Shares currently on issue. Under the Placement, Arrovest may acquire up to 200 million Notes which, if converted into Shares, may materially increase Arrovest's shareholding in the Company.</p> <p>The exact dilution and effect on control will depend upon a number of factors, including the extent to which Eligible Investors take up Notes under the Wholesale Investor Offer.</p>	Section 5.5																																												

Topic	Summary	Where to find more information																																
	<p>The table below sets out the maximum number of Notes that Arrovest could acquire under the Placement and the effect on the voting power of the Company if those Notes are Converted in three distinct scenarios:</p> <p>(a) where there is no participation in the Wholesale Investor Offer and Arrovest subscribes for \$200 million of Notes under the Placement;</p> <p>(b) where Eligible Investors subscribe for \$65 million in Notes under the Wholesale Investor Offer and Arrovest subscribes for \$200 million of Notes under the Placement; and</p> <p>(c) where Eligible Investors subscribe for \$130 million in Notes under the Wholesale Investor Offer and Arrovest is scaled back to \$135 million under the Placement.</p> <p>In each of the three scenarios identified above, the table assumes that the Notes are Converted at the Maturity Date and any Interest payable on those Notes is capitalised at the PIK Interest rate of 8.5% per annum for the first 30 months, followed by Partial Cash Interest of 5.0% per annum and a PIK Interest rate of 3.5% per annum until the Maturity Date. The numbers shown below do not take into account the potential dilutionary effect arising from the intended issue of approximately 40.8 million Options, described in Section 8.16.</p> <table><tr><th></th><th>\$200m to Arrovest</th><th>\$200m to Arrovest, \$65m to Eligible Investors</th><th>\$135m to Arrovest, \$130m to Eligible Investors</th></tr><tr><td>Shares held by Arrovest prior to the Capital Raising</td><td>145,556,000</td><td>145,556,000</td><td>145,556,000</td></tr><tr><td>Shares issued to Arrovest upon Conversion of the Notes at the Maturity Date</td><td>398,310,940</td><td>398,310,940</td><td>268,859,884</td></tr><tr><td>Pro forma shares held by Arrovest upon Conversion of the Notes at the Maturity Date</td><td>543,866,940</td><td>543,866,940</td><td>414,415,884</td></tr><tr><td>Pro forma shares on issue Conversion of the Notes at the Maturity Date</td><td>675,420,259</td><td>804,871,314</td><td>804,871,314</td></tr><tr><td>Voting power (%) in respect of matters requiring Noteholder approval</td><td>100%</td><td>75.5%</td><td>50.9%</td></tr><tr><td>Voting power (%) in Shares prior to conversion of Notes by Arrovest</td><td>52.5%</td><td>52.5%</td><td>52.5%</td></tr><tr><td>Voting power (%) in Shares following conversion of the Notes by Arrovest at the Maturity Date</td><td>80.5%</td><td>67.6%</td><td>51.5%</td></tr></table>		\$200m to Arrovest	\$200m to Arrovest, \$65m to Eligible Investors	\$135m to Arrovest, \$130m to Eligible Investors	Shares held by Arrovest prior to the Capital Raising	145,556,000	145,556,000	145,556,000	Shares issued to Arrovest upon Conversion of the Notes at the Maturity Date	398,310,940	398,310,940	268,859,884	Pro forma shares held by Arrovest upon Conversion of the Notes at the Maturity Date	543,866,940	543,866,940	414,415,884	Pro forma shares on issue Conversion of the Notes at the Maturity Date	675,420,259	804,871,314	804,871,314	Voting power (%) in respect of matters requiring Noteholder approval	100%	75.5%	50.9%	Voting power (%) in Shares prior to conversion of Notes by Arrovest	52.5%	52.5%	52.5%	Voting power (%) in Shares following conversion of the Notes by Arrovest at the Maturity Date	80.5%	67.6%	51.5%	
	\$200m to Arrovest	\$200m to Arrovest, \$65m to Eligible Investors	\$135m to Arrovest, \$130m to Eligible Investors																															
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1.5 Overview of the Wholesale Investor Offer																																		
What is the Wholesale Investor Offer?	The Wholesale Investor Offer is an offer of Notes to Eligible Investors to raise up to \$130 million.	Section 2.4																																
Am I an Eligible Investor?	If you are an Eligible Investor, you are eligible to participate in the Wholesale Investor Offer being conducted by the Company.	Section 2.4(b) Section 10																																

Topic	Summary	Where to find more information
	<p>An Eligible Investor is a person who:</p> <ul style="list-style-type: none"> • if in Australia, is a “sophisticated” or “professional” investor under sections 708(8) and 708(11) of the Corporations Act; or • if in New Zealand, is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act, or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification); or • if in Singapore, is an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA); or • if in Hong Kong, is a “professional investor” as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; or • if in the United Kingdom, is a (i) “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing Section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or • if in the United States, is (i) an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act; or (ii) a dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act, <p>and who has a registered address in the relevant jurisdiction.</p> <p>If you are in Australia and you are unsure whether you are a “sophisticated” or “professional” investor, see Section 2.4(b).</p>	
Is the Wholesale Investor Offer subject to Shareholder approval?	<p>As part of the Shareholder Approvals, the Company will seek approval to issue Notes to Eligible Investors who participate in the Wholesale Investor Offer. If the Shareholder Approvals are obtained, the Notes will be Convertible into Shares. If the Shareholder Approvals are not obtained, the Notes will still be issued and be subject to a Cash-Settled Conversion Right (as explained further in Section 9).</p> <p>The Shareholder Approvals are being sought at an Extraordinary General Meeting which is scheduled to be held in the week beginning 17 May 2021.</p>	<p>Section 5.6</p> <p>Section 9.17</p> <p>Section 9.18</p> <p>Section 9.23</p>
What are the key dates of the Wholesale Investor Offer?	The key dates are set out in the “Key Dates” section of this Prospectus.	Key Dates
Is the Wholesale Investor Offer underwritten?	No. The Wholesale Investor Offer will not be underwritten. However the Board considers that the minimum amount of \$200 million to be raised under the Capital Raising (pursuant to the Arrovest Commitment Letter) will provide sufficient funding to achieve the Company’s recapitalisation objectives of reducing its senior debt and facilitating the Company’s turnaround objectives.	Section 2.7
How can I apply?	<p>Applications can be made by Eligible Investors by completing the electronic Application Form at https://events.miraqle.com/ffgl-offer in accordance with the instructions set out on that form.</p> <p>Completed Application Forms must be received by no later than 5.00 pm (Sydney time) on 7 May 2021 together with Application Monies. Applicants are encouraged to submit their Application Form as early as possible.</p> <p>Payment must be made using BPAY®. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. If you are an Eligible Investor and do not hold an account with an Australian financial institution, it is your responsibility to obtain all necessary</p>	Section 3

Topic	Summary	Where to find more information
	<p>approvals and take all required action to ensure the Application Monies are paid via BPAY® pursuant to this Prospectus.</p> <p>If you are an Eligible Shareholder in Australia who is a “sophisticated” investor and do not subscribe for Notes in excess of \$500,000, you are required to submit a copy of a certificate from a qualified accountant (no more than 6 months old) stating that you have net assets of \$2.5 million or more, or you have a gross income for the previous two years of at least \$250,000. If applicable, this certificate will be submitted upon making an Application at https://events.miracle.com/ffgl-offer.</p> <p>Any Eligible Investor who submits an Application Form will be taken to have made the representations and warranties set out in Section 8.19.</p>	
When to apply?	If you are an Eligible Investor you must complete the Application Form by the Closing Date.	Section 3 Key Dates
How many Notes can I apply for?	Subject to the allocation policy described below, there is no cap on how many Notes Eligible Investors can apply for under the Wholesale Investor Offer. Eligible Investors should specify the maximum number of Notes they wish to be allocated on the Application Form.	Section 2.4(f)
What is the allocation policy?	<p>The allocation of Notes under the Wholesale Investor Offer will be determined by the Company in its absolute discretion.</p> <p>While the Wholesale Investor Offer is open to all Eligible Investors, the Company intends to give allocation priority to Eligible Investors who were Shareholders as at the Record Date, being 19 March 2021. If you are an Eligible Investor who qualifies for priority allocation, your allocation will be calculated by reference to your pro rata shareholding in the Company as at the Record Date as adjusted to exclude Arrovest’s current shareholding in the Company (being 52.5%).</p> <p>There is no assurance that any Eligible Investor will be allocated any Notes, or the number of Notes, for which it has applied. The allocation policy of the Company will be influenced by a range of factors as set out in Section 2.4(f).</p>	Section 2.4(f)
What happens if I am not an Eligible Investor?	If you are an Ineligible Investor, you are not entitled to participate in the Wholesale Investor Offer. If you receive this Prospectus but you are an Ineligible Investor, please disregard.	Section 3.3
Is brokerage, commission or stamp duty payable?	No brokerage or stamp duty is payable on your Application.	Section 3
What are the tax implications of investing in Notes?	Section 6 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to Noteholders. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.	Section 6
When will the Notes be issued?	The Company expects that the Notes will be issued following the Extraordinary General Meeting, scheduled for the week beginning 17 May 2021.	Key Dates
When will the allotment statements be despatched?	The Company expects that the allotment statements in respect of the Wholesale Investor Offer will be despatched on the date of the Extraordinary General Meeting, scheduled for the week beginning 17 May 2021.	Key Dates
1.6 Key features of the Notes		
<p><i>As this Section contains a summary only of the Note Terms, it is important that you read the information in the Prospectus (including the Note Terms) in full before you decide whether to apply for Notes. If you are unclear in relation to any aspect of the Wholesale Investor Offer or the Note Terms, or if you are uncertain whether the Notes are a suitable investment for you, you should consult your professional adviser.</i></p>		
Who is the issuer of the Notes?	Freedom Foods Group Limited ACN 002 814 235 (Company), being a company listed on the ASX.	Section 9.2
Issue Price	\$1.00 per Note.	Section 9.3
Maturity Date	6 years after the Issue Date, unless Redeemed or Converted earlier as set out in Section 9.	Section 9.11
Interest Rate	Interest is payable on the Notes quarterly. Interest will accrue daily on the Face Value of the Notes and will be paid, at the Company’s election, in the following ways:	Section 9.13

Topic	Summary	Where to find more information
	<ul style="list-style-type: none"> at any time if paid entirely in cash (Cash Interest) at a rate of 7% per annum; for the first 30 months, if paid entirely by increasing the principal amount of the outstanding Notes by an amount equal to interest for the applicable Interest Period (PIK Interest) at a rate of 8.5% per annum; for the first 30 months, if paid by paying a proportion in cash and the balance by increasing the principal amount of the outstanding Notes by that amount (Initial Combination Interest) at a combined rate of 8.5%; or after 30 months, if paid by paying the interest partly in cash (Partial Cash Interest) and partly by increasing the principal amount of the outstanding Notes (Partial PIK Interest), at a Partial Cash Interest rate of 5% per annum and a Partial PIK Interest rate of 3.5% per annum. <p>The Interest Rate may be reduced by 1.00% per annum where the Company has issued a Relevant Disputes Notice, as set out in Section 9.14.</p>	Section 9.14
Cash-Settled Conversion Right	<p>Where the Shareholder Approvals are not obtained, a Noteholder has a right to notionally Convert its Notes, which will be settled in cash, in the following circumstances:</p> <ul style="list-style-type: none"> upon receipt of an Exit Notice; upon receipt from the Company of an Early Redemption Notice; in the 12 months prior to the Maturity Date, during the 45 day period on and from the date the Company releases whichever of the following is first provided to ASX in the 12 months prior to the Maturity Date: <ul style="list-style-type: none"> its full year financial results (Appendix 4E); or its half year financial results (Appendix 4D). 	Section 9
Equity Conversion Right	<p>If the Shareholder Approvals are obtained prior to issuance of the Notes, a Noteholder has a right to Convert its Notes into Shares in the following circumstances:</p> <ul style="list-style-type: none"> any time at a Noteholder's election; if Noteholders holding more than 75% of Notes then on issue have Converted or elect to Convert (in which case all Notes will be mandatorily Converted); upon receipt from the Company of an Early Redemption Notice; upon receipt of an Exit Notice; or at the Maturity Date. <p>The Face Value of the Notes the subject of an Equity Conversion Right must be at least the lesser of \$2,000 or the balance of the Noteholder's holding of the Notes.</p>	Section 9
Conversion Price where Notes are Converted into Shares	<p>If the Notes are Converted into Shares, the number of Shares issued on Conversion will be calculated by dividing the Equity Conversion Amount by a Conversion Price of \$0.70, subject to customary adjustments as outlined in Section 9.28.</p>	Section 9.12
Redemption	<p>On the Maturity Date, each Note is Redeemable by the Company for the Makewhole Amount unless:</p> <ul style="list-style-type: none"> the Note has been previously Converted; the Note has been previously Redeemed; or the Note has been purchased by the Company and cancelled. <p>If a Noteholder has issued a Cash-Settled Conversion Notice in respect of the Notes, the Company must pay to that Noteholder in respect of the Note the Cash Settlement Amount in lieu of Redemption.</p> <p>The Company may voluntarily redeem the Notes at any time prior to the Maturity Date by giving at least 10 Business Days written notice to the Trustee, the Note Registrar, the Paying Agent and the Noteholders of the intention of the Company to Redeem the Notes (Early Redemption Notice).</p> <p>Redemption may also occur where a Noteholder receives an Exit Notice or where the Trustee declares to Redeem the Notes for the Makewhole Amount upon the occurrence of an Event of Default.</p>	Section 9
Makewhole Amount	<p>Where the Redemption of Notes occurs at any time on or prior to the Maturity Date for any reason, the Company (unless Noteholders otherwise elect to Convert) must pay the Makewhole Amount to the relevant Noteholders on the relevant Redemption Date. The Makewhole Amount varies depending on the period in which the Redemption Date occurs, as set out in the following table:</p>	Section 9.37

Topic	Summary	Where to find more information															
	<table> <tr> <th>Period following issuance of the Note in which Redemption occurs</th><th>Applicable makewhole percentage</th><th>Reduced Makewhole Percentage</th></tr> <tr> <td>Years 1 & 2</td><td>175%</td><td>165%</td></tr> <tr> <td>Years 3 & 4</td><td>185%</td><td>175%</td></tr> <tr> <td>Year 5</td><td>220%</td><td>210%</td></tr> <tr> <td>Year 6 (including the Maturity Date)</td><td>230%</td><td>220%</td></tr> </table> <p>The Makewhole Amount is calculated as the aggregate of the Initial Face Value of the Notes being redeemed multiplied by the applicable makewhole percentage less all interest paid (but not capitalised) prior to the Redemption Date. A worked example of how the Makewhole Amount is calculated is contained in the Investor Presentation contained in Section 4.</p> <p>As set out in Section 9.38, the Makewhole Amount may be reduced in certain circumstances. The Reduced Makewhole Percentage is set out above.</p>	Period following issuance of the Note in which Redemption occurs	Applicable makewhole percentage	Reduced Makewhole Percentage	Years 1 & 2	175%	165%	Years 3 & 4	185%	175%	Year 5	220%	210%	Year 6 (including the Maturity Date)	230%	220%	
Period following issuance of the Note in which Redemption occurs	Applicable makewhole percentage	Reduced Makewhole Percentage															
Years 1 & 2	175%	165%															
Years 3 & 4	185%	175%															
Year 5	220%	210%															
Year 6 (including the Maturity Date)	230%	220%															
Guarantee, Collateral Securities and Security Trust Deed	<p>Pursuant to the guarantee and indemnity contained in the Security Trust Deed, each Guarantor agrees to guarantee to the Trustee and the Noteholders the Company's obligations under the Trust Deed, the Note Terms and other Transaction Documents.</p> <p>The Notes are secured by security granted to the Security Trustee by the Company and the Guarantors under the terms of the Security Trust Deed and each Collateral Security.</p> <p>The Security Trustee holds the rights under the Collateral Securities and the Guarantee (including the right to enforce the same), and the right to enforce the Company's obligation to pay amounts owing under or in respect of the Notes, on trust for the benefit of the Noteholders in accordance with the terms of the Security Trust Deed.</p> <p>A summary of the Security Trust Deed is set out in Section 8.12.</p>	Section 8.12															
Ranking on Winding Up	<p>In the event of a Winding Up of the Company, each Note ranks:</p> <ul style="list-style-type: none"> • after all other Priority Permitted Debt; • equally with each other Note, any other Pari Passu Debt, and any other Permitted Debt which the Noteholders by Special Resolution agree ranks equally with the Notes; • ahead of all Shortfall Debt; • ahead of all other Permitted Debt not otherwise covered above; • ahead of all present and future unsubordinated and unsecured debt obligations of the Company, subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law; and • ahead of all Shares. <p>The Notes will, subject to any Shortfall Debt, generally rank behind the remaining senior secured debt, which will vary depending on the quantum of Notes raised.</p>	Section 9.9															

Topic	Summary	Where to find more information
	<div><div><div><div><div></div><div>\$200</div></div><div><div>\$149</div></div></div><div>\$200m case</div></div><div><div><div><div></div><div>\$265</div></div><div><div>\$99</div></div></div><div>\$265m case</div></div></div> <p><i>Note: The amounts above represent the pro forma drawn debt at 31 December 2020, adjusted to reflect the \$12 million increase in the subordinated facility limit to 25 February 2021, the repayment of \$6.5 million equipment financing arrangements relating to the cereals and snacks segment, and the Capital Raising. The pro forma total debt outstanding is shown before capitalised borrowing costs of \$6.5 million, and excludes Makewhole Amounts that might be payable by the Company in the circumstances described in Section 9.</i></p> <p>As set out in Section 2.3, the majority of the proceeds raised under the Capital Raising (that is, the Initial Face Value of the Notes) will be applied towards repayment of the Company’s existing senior secured debt. Accordingly, the advance of the Initial Face Value of the Notes to the Company does not reduce the Company’s overall leveraged position. In addition, any Makewhole Amount, Cash-Settlement Amount or redemption payment that becomes payable may be material, and the capacity of the Company to pay any such amount may depend on the Company achieving a turnaround of its business and operations and its ability to raise equity or further debt to satisfy those payments. As at the date of issuance, the Company has formed the view that its net assets will be sufficient to meet its obligations in respect of the Initial Face Value of the Notes. However, there is a risk that the value that can be realised from the assets available to Noteholders following any enforcement (and following repayment of any senior secured debt) may be insufficient to cover any Makewhole Amount, Cash-Settlement Amount or redemption payment which is payable at that time (which is likely to exceed the Face Value of the Notes at the time of any enforcement or redemption). Investors should form their own view as to the value of the Company based upon their expectations and assumptions of the turnaround of the business, financial performance of the Company, and the risks set out in Section 7.</p>	
What is Permitted Debt?	<p>Permitted Debt is financial indebtedness that the Group is permitted to incur under the Note Terms. It includes:</p> <ul style="list-style-type: none">the Permitted Senior Debt;transactional facilities (up to a cap of \$7 million) and amounts owed in respect of hedging agreements;limited recourse receivables finance facilities and full recourse receivables finance facilities;asset or equipment financing;Pari Passu Debt, provided it is approved by Majority Noteholders pursuant to a Majority Noteholders Resolution and does not exceed \$100 million;other financial indebtedness specified in the definition of Permitted Debt; andany other debt approved by a Special Resolution of Noteholders. <p>A more detailed summary is set out in Section 8.9 and full definitions of Permitted Debt (and ancillary definitions) are set out in Note Terms attached to this Prospectus.</p>	Section 8.9
What is Priority Permitted Debt?	<p>Priority Permitted Debt is financial indebtedness which, under the Note Terms, is permitted to rank in priority to the Notes. Not all debt that the Company is permitted to incur is “Priority Permitted Debt”. It includes all the debt owed to NAB and HSBC at Financial Close (other than Shortfall Debt), and also includes further limited additional amounts to the extent that the Company enters into further senior debt facilities in excess of the \$36 million senior secured revolver facility and term debt facility. A more detailed summary is set out in Section 8.9 and full definitions of Priority Permitted Debt, Permitted Debt (and ancillary definitions) are set out in Note Terms attached to this Prospectus.</p>	Section 8.9

Topic	Summary	Where to find more information
Are there any negative covenants on the Company under the Note Terms?	<p>For so long as the Notes remain outstanding, the Company agrees to a number of negative covenants, including in respect of:</p> <ul style="list-style-type: none"> • selling assets; • declaring or paying dividends in certain circumstances; • incurring any new debt; • agreeing or consenting to: <ul style="list-style-type: none"> ○ any settlement or resolution of: <ul style="list-style-type: none"> ▪ <i>Nicholas Gehrke v Freedom Foods Group Limited & Deloitte Touche Tomatsu</i>, Supreme Court proceeding no. S ECI 2020 4505, filed on 7 December 2020; ▪ <i>Lester Buch v Freedom Foods Group Limited & Deloitte Touche Tomatsu</i>, Supreme Court proceeding no. S ECI 2021 00431, filed on 19 February 2021; or ▪ any same or similar shareholder class actions brought or threatened against the Company in respect of the same facts, matters or circumstances arising prior to the Issue Date, <p style="padding-left: 40px;">where the Company and/or any other Group Member are required to contribute to payment of a settlement sum (other than where funded by contributions from third parties permitted under the Transaction Documents and/or insurance); or</p> <ul style="list-style-type: none"> ○ any settlement agreement with, or any settlement or damages payment, to, Blue Diamond Growers or any variation to or replacement of the existing BD Agreement; and • creating any new security interests over any assets of the Group. <p>The Company provides a wide variety of additional covenants, the details of which are contained in Section 9.43 and the Note Terms.</p>	Section 9.43
What are the representations and warranties being provided by the Company?	<p>The Company will make certain representations and warranties in relation to itself and the Guarantors, for the benefit of the Trustee and the Noteholders.</p>	Note Terms
What are the Events of Default?	<p>An Event of Default occurs in relation to the Notes in a number of circumstances, including:</p> <ul style="list-style-type: none"> • non-payment of any amounts due under the Note Terms; • failure to issue Shares on Conversion; • breach of general undertakings; • breach of obligations under the Note Terms or the Transaction Documents; • an insolvency event; • a final judgment or determination is handed down that has, or is reasonably likely to have, a Material Adverse Effect; • the non-quotation of the Company's Shares on ASX; • cross defaults to other financial indebtedness in an amount exceeding \$10 million not being paid when due (or being declared due and payable prior to its specified maturity as a result of an event of default); and • the enforcement of any security interest over a Group asset with a value greater than \$10 million. <p>Certain Events of Default have cure periods, as specified in the Note Terms.</p> <p>If an Event of Default occurs, the Trustee may declare by notice to the Company that all the Notes are to be Redeemed for the Makewhole Amount and/or take enforcement action against, or direct the Security Trustee to take enforcement action against, the Company or relevant Group Member. The Trustee's ability to enforce an Event of Default is, depending on the circumstances, subject to a MD Noteholders</p>	Section 9.39

Topic	Summary	Where to find more information
	Resolution or Majority Noteholders Resolution, and in all circumstances is subject to the Intercreditor Deed.	
Can Noteholders vote at any meetings?	<p>Noteholders do not have a right to vote at meetings of Shareholders, subscribe or participate in any new issue of securities by the Company or otherwise participate in the profits or property of the Company, except as set out in the Note Terms or the Transaction Documents.</p> <p>Noteholders may vote at meetings of Noteholders in accordance with Schedule 2 of the Trust Deed.</p> <p>If an amendment to the Note Terms would materially and adversely affect the rights of all Noteholders, a Special Resolution of Noteholders is required. If an amendment relates to an extension of the Maturity Date or reduction to payment amounts in respect of the Notes, a Super Resolution of Noteholders will be required.</p>	<p>Section 9.7</p> <p>Section 9.44</p> <p>Section 9.45</p>
1.7 Key risks associated with investing in the Notes		
<p><i>There are a number of risks associated with an investment in the Notes. These and other risks are addressed in more detail in Section 7.2 and elsewhere in this Prospectus and should be considered by prospective investors before deciding whether to invest in the Notes. If you are uncertain whether the Notes are a suitable investment for you, you should consult your professional adviser.</i></p>		
Investment in the Notes are an investment in the Company	Investment in the Notes may be affected by the ongoing performance, financial position and solvency of the Company and its Subsidiaries.	Section 7.2
Suitability	The Notes are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the risks of investing in the Notes and consider whether it is an appropriate investment for your particular circumstances.	Section 7.2
Liquidity of the Notes	There will be no direct market on the ASX or other securities exchange on which to sell the Notes.	Section 7.2
Cash-Settled Conversion Right	The Notes will only be capable of being Cash-Settled until the Shareholder Approvals have been obtained. There is a risk that the Notes may never be capable of being convertible into Shares.	Section 7.2
Market price and liquidity of Shares	Any volatility in the market price of the Shares may cause volatility in the price of the Notes and may affect your ability to sell your Notes at all, or at an acceptable price. In addition, if Noteholders receive any Shares following Conversion, Noteholders 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 7.2
Interest payments	The Company is required to pay Interest on the Notes, which it may choose to pay in cash or 'in-kind'. The Company's decision will depend on its ability to generate sufficient cash flow from operations, which will depend substantially on the Company's ability to maintain its position within the competitive market in which it operates. The Company's ability to exercise its discretion to pay interest on the Notes in cash will also be subject to the Intercreditor Deed (which restricts cash payments to Noteholders whilst an enforcement action is being undertaken).	Section 7.2
Interest rate risk	The interest rate payable will be fixed by reference to the agreed percentages set out in Section 9.13 (which will be reduced if the Company has issued a Relevant Disputes Notice). The market price of the Notes may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards the Company.	Section 7.2
Limited circumstances for Redemption of Notes and cash payment	The Notes may or must be Redeemed in certain circumstances. The amount payable on Redemption will depend on the time and circumstances under which the Notes are Redeemed and may be less than the previously prevailing market value of the Notes. In the event of an early Redemption of Notes, you may not receive the returns you expected to achieve on your Notes. The Company may have insufficient cash to Redeem the Notes in accordance with the terms of the Notes.	Section 7.2
The Notes are subject to changes of law	The Note 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 7.2
Security subordinated to Senior Financiers	The Company's payment obligations under the Notes rank in priority behind, and are subordinated to, its payment of Priority Permitted Debt, and any other payment obligations preferred by law. The indebtedness of the Company in respect of the Notes may not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Notes, and may not be satisfied in full unless the	Section 7.2

Topic	Summary	Where to find more information
	Company can also satisfy in full all of its other obligations ranking equally with the Notes.	
Enforcement risk and intercreditor arrangements	Rights under the Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. The number of Noteholders required to enforce the Note Terms upon the occurrence of specified Events of Default is detailed in Section 9.41. In all cases, enforcement by the Trustee and the Security Trustee is subject to the Intercreditor Deed.	Section 7.2
Ranking in a Winding Up	If the Company is wound up, and assuming the Notes have not been Converted or Redeemed, Noteholders will rank behind the Company's Priority Permitted Debt and those mandatorily preferred at law in right of payment, but ahead of all Shortfall Debt, unsecured creditors of the Company and Shareholders. Noteholders may not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest and any other unpaid amounts owing. If the Notes have been Converted, the Noteholders will hold Shares and rank equally with other holders of Shares in a Winding Up.	Section 7.2
Conversion events	The Company has an obligation to Convert the Notes upon the occurrence of certain events. The Notes may be Converted into Shares or may only be capable of being Cash-Settled if the Shareholder Approvals are not obtained. These Conversion events may be disadvantageous to Noteholders and may not coincide with their intended investment outcomes.	Section 7.2
Future dividends and franking	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. No assurance in relation to the future payment or franking of dividends can be given by the Company.	Section 7.2
Further issues of securities and dilution	The Notes 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 Notes.	Section 7.2
Certain initial investors may potentially be able to exercise certain rights and powers on their own	Arrovest will subscribe for a significant portion of the Notes – up to 200 million Notes. Any Noteholder holding a significant percentage of the aggregate principal amount of the Notes may be able to exercise certain rights and powers and will have a significant influence on matters voted on by Noteholders.	Section 7.2
Arrovest's participation and the potential effect on control	Arrovest's participation in the Capital Raising, and the Conversion of the Notes issued to it, will have significant impacts on the Company's capital structure and dilute current Shareholders.	Section 7.2
Inflation rate risk	An increase in the inflation rate may erode in real terms the value of the capital invested in the Notes.	Section 7.2
Change in the Australian tax system	Any future change in Australian tax law may affect the taxation treatment of the acquisition, holding and disposal of Notes and the market price of the Notes.	Section 7.2
Change in Australian Accounting Standards	New, or amendments to existing, accounting standards may affect the reported earnings and financial position of the Company in future financial periods. This may adversely affect the ability of the Company to pay interest on the Notes.	Section 7.2
Review of accounting procedures	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 7.2
Shareholder limits	Various laws may restrict the number of Shares that any person may hold. Noteholders should take care to ensure that their holding of the Notes (and any Shares that they could be Converted for) do not breach any applicable restrictions on ownership.	Section 7.2
Amendment to Note Terms and Trust Deed	A Modification to the Trust Deed and/or Note Terms may not require Noteholder consent. If the Modification relates to an extension of the Maturity Date or reduction to payment amounts in respect of the Notes, a Super Resolution is required.	Section 7.2

Topic	Summary	Where to find more information
1.8 Key risks associated with the Company		
<i>There are a number of risks associated with an investment in the Company. Some key risks are included in this Section 1.8. These and other risks are addressed in more detail in Section 7.3 and elsewhere in this Prospectus and should be considered by prospective investors before deciding whether to invest in the Company.</i>		
Going concern	Failure to complete the Capital Raising by raising the minimum amount of \$200 million may result in the Company no longer being able to continue as a going concern. Whilst the Company considers that completion of the Capital Raising will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Investors to other risks set out in Section 7 which may impact the Company's ability to continue as a going concern.	Section 7.3
Litigation	<p>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 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 <i>Australian Consumer Law</i> 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 7.3
Blue Diamond dispute	<p>As set out in Section 8.29, Freedom Foods Pty Ltd (FFPL) and certain other Subsidiaries of the Company are parties to proceedings with Blue Diamond, a contractual supplier.</p> <p>These proceedings have the potential to materially and adversely impact the Company's financial and operating performance.</p>	Section 7.3
Regulatory investigations and reviews	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 7.3
Company's growth strategies may not achieve their objectives	There is a risk that the implementation of the Company's growth strategies could be subject to delays or cost overruns.	Section 7.3
Failure to achieve turnaround 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.	Section 7.3
Manufacturing disruption	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 7.3
Workplace health and safety	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 7.3
Competition	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.	Section 7.3

Topic	Summary	Where to find more information
	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.	
Changing consumer preferences in competitive markets	Consumer tastes and buying preferences in relation to the Company's products are constantly changing. 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.	Section 7.3
Pandemic risks	The Company's operations, Note price 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 7.3
Inventory management	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 7.3
Quality and food safety	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 7.3
Key personnel	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 7.3
Culture and talent	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 7.3
Failure of internal risk controls	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 7.3
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.	Section 7.3
Exchange rate	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 7.3
Access to financial resources	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 7.3
Leverage and debt arrangements	As at the date of this Prospectus, the Company has debt owing to its senior lenders with an approximate value of \$332 million and these parties have a senior secured position over certain assets of the Company and the Group. While the proceeds of the Capital Raising will be 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 7.3
Other Company specific risks in relation to its business and operations	<p>The Company is exposed to other further specific risks relating to its business and operations including:</p> <ul style="list-style-type: none"> • intellectual property; • reputation and brand names; • new products and innovations; • relationships with suppliers; • finished goods and raw material price changes; • product liability and compliance; • supply chain; 	Section 7.3

Topic	Summary	Where to find more information
	<ul style="list-style-type: none"> insurance; delisting of a significant number of product lines by a major customer; divestment of non-core assets; divestment of its cereals and snacks business; suspension of the Company's shares and reinstatement to ASX; additional funding; doing business in export markets; the Australia-China trade relations; animal welfare; environment; climate change; failure in information, technology and communication systems; taxation implications; and change in laws, regulations and policies. 	
1.9 Key risks associated with the Capital Raising		
<i>The risks identified below are addressed in more detail in Section 7.4 and should be considered by prospective investors before deciding whether to invest in the Notes.</i>		
Dilution for Shareholders	The Company will issue Shares to Noteholders upon Conversion of the Notes as set out in this Prospectus. The issue of Shares will dilute the interests of existing Shareholders to differing extents depending on the participation of Eligible Shareholders in the Wholesale Investor Offer.	Section 7.4
Conditions to Arrovest's participation under the Commitment Letter	A failure to satisfy any one of the conditions under the Arrovest Commitment Letter may result in Arrovest withdrawing its support for the Capital Raising. Such an outcome would adversely impact the Company's ability to meet its objectives under the Recapitalisation and would likely result in the Company withdrawing the Capital Raising in its entirety and may impact its ability to continue as a going concern.	Section 7.4
General risks	The above risks are not an exhaustive list of the potential risks faced by Noteholders 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 7 before deciding to invest in the Notes.	Section 7
1.10 Overview of Company's senior debt arrangements		
What are the Company's senior debt obligations?	<p>Pursuant to the Recapitalisation, the Company's existing senior secured debt facilities will be restructured (and the relevant documentation amended) such that on and following the application of the proceeds of the Capital Raising towards repayment of existing senior secured debt, the existing senior secured indebtedness of the Company will be:</p> <ul style="list-style-type: none"> \$36 million undrawn revolver available to fund working capital, capital expenditure and to pay costs associated with restructuring the Company's debt facilities; up to \$50 million of fully drawn term debt (which will reduce dollar for dollar by the proceeds of the Capital Raising that exceed \$215 million (until fully repaid)); \$87 million of equipment financing (following the repayment of \$6.5 million equipment financing arrangements relating to the Company's cereals and snacks business), which includes the NAB Asset Financing; \$25 million full recourse debtor finance, of which \$12 million was drawn per the pro forma balance sheet contained in Section 4; \$65 million of limited recourse debtor finance, which is not captured on the balance sheet and of which \$53 million was drawn as at 31 December 2020; and 	Section 8.7

Topic	Summary	Where to find more information
	<ul style="list-style-type: none"> ancillary transactional and hedging facilities. <p>The intercreditor relationship between the Notes and the new restructured senior debt will be governed by an Intercreditor Deed, as set out in Section 8.15.</p>	
1.11 Other		
When will the Company's Shares re-commence trading?	The Company's Shares went into trading halt on 24 June 2020 and have remained in voluntary suspension since 25 June 2020. The Company has requested ASX to reinstate trading in the Company's Shares, which is expected to occur with effect from the commencement of trading on 22 March 2021.	Section 8.34
Important matters to be aware of	<p>The Notes are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security.</p> <p>You should seek professional guidance from your financial or other professional adviser before deciding whether to invest.</p>	
1.12 What you need to do		
Action required	See Section 3 for detailed instructions on what you need to do to apply for Notes under the Wholesale Investor Offer.	Section 3
1.13 More information		
<p>If, after you read this Prospectus, you have any questions regarding the Recapitalisation, the Capital Raising or the Notes, please contact your financial adviser or other professional adviser.</p> <p>You can also call the Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) between 8:30 am and 5:30 pm (Sydney time), Monday to Friday during the Offer Period.</p>		

2 Details of the Recapitalisation and Capital Raising

2.1 Overview of the Recapitalisation

On 25 June 2020, ASX suspended the Company's securities from quotation pending the release of an announcement regarding the outcome of further investigations in relation to the Company's financial position. On 11 September 2020, the Company announced that it had entered into a standstill agreement with its principal lenders and majority Shareholder, Arrovest, to ensure the Company had access to financial facilities while the Company undertook a planned recapitalisation.

Throughout this process, the Company has been undertaking a thorough capital review to strengthen its financial position. As part of that review, and in light of its current financial situation, the Company has determined that it is necessary to undertake the Recapitalisation in order to:

- (a) repay between \$183 million and \$233 million of its existing debt, consistent with the requirements of the Company's Senior Financiers;
- (b) provide a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company; and
- (c) provide incremental capital to support the Company's turnaround strategy.

The Recapitalisation includes the following key components:

- (a) the Company undertaking the Capital Raising pursuant to this Prospectus to raise a minimum of \$200 million and up to \$265 million by way of the issuance of unlisted, subordinated and secured convertible notes (**Notes**);
- (b) repayment of between \$183 million and \$233 million of its existing debt;
- (c) entry into amendments of the existing senior secured debt facilities, pursuant to which the following facilities will be provided:
 - (i) a new 2 year, \$36 million senior secured revolver facility with NAB and HSBC;
 - (ii) a 2 year term debt facility with NAB and HSBC. The term debt facility limit will be determined once the total proceeds raised under the Capital Raising has been determined. If the Company raises \$200 million under the Capital Raising then the term debt facility limit will be \$50 million. If the Company raises \$265 million under the Capital Raising then the term debt facility will be repaid in full and will be cancelled. For each \$1 of proceeds raised under the Capital Raising above \$215 million, the term debt facility limit (of \$50 million) will be reduced by \$1;
 - (iii) the Company's existing equipment financing facilities with NAB, and its existing debtor financing facilities with HSBC will remain in place on substantially the same terms (but provided that they will be secured over the assets and undertaking of the Company and certain of its Subsidiaries); and
- (d) subject to obtaining the Shareholder Approvals in relation to the Recapitalisation, the Company intends to offer approximately 40.8 million Options to acquire Shares on a pro-rata basis to Shareholders (excluding Arrovest).

The Company proposes to hold an Extraordinary General Meeting during the week beginning 17 May 2021 to seek certain Shareholder Approvals in relation to the Recapitalisation, the details of which are set out in Section 5.6.

The Recapitalisation will benefit the Company by providing it with two years of financial covenant-free senior debt and six years of financial covenant-free subordinated 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 unconverted.

2.2 Overview of the Capital Raising

In evaluating the Capital Raising, the Company has carefully considered the Company's future capital structure, liquidity position and cash needs. The Company considers that the Capital Raising will enable the Company to continue the progress it has made to date and restore Freedom Foods Group to sustainable and profitable long-term growth.

The Capital Raising involves an offer of up to \$265 million Notes comprising:

- (a) an invitation to Eligible Investors to participate in an offer of up to \$130 million of Notes; and
- (b) a Placement of \$200 million of Notes to Arrovest, subject to the Company having the ability to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer.

The full \$265 million Capital Raising is not underwritten, however Arrovest has provided a binding commitment to subscribe for \$200 million of Notes pursuant to this Prospectus and subject to the terms of the Arrovest Commitment Letter as summarised in Section 8.6. The balance of \$65 million is being raised on a best-efforts basis.

The Board and management considers that the minimum amount of \$200 million to be raised under the Capital Raising (comprising Arrovest's commitment under the Placement) will provide sufficient funding to achieve the Company's Recapitalisation objectives of reducing its senior debt and facilitating the Company's turnaround objectives.

The Board has decided the issue of Notes is the preferred capital raising structure for a number of reasons, including that:

- the Board considers that the Notes are the best option available to attract the necessary funds on terms acceptable to the Company;
- the Notes provide flexibility for investors to participate in any future equity upside by converting Notes into Shares (subject to the Shareholder Approvals being obtained);
- the Notes provide downside protection for the incoming capital provided by investors in the notes with the benefit of subordinated security over the Company's assets, particularly while the Company undertakes its operational turnaround and defends itself from material legal disputes and class actions (see Sections 8.29 and 8.30); and
- Eligible Shareholders (excluding Arrovest) will have an ability to participate in the Wholesale Investor Offer on a priority basis.

2.3 Capital Raising – use of proceeds

The proceeds of the Capital Raising will be used as follows:

Use of funds	(\$)		
	\$200m raised	\$215m raised	\$265m raised
Repayment of senior debt*	\$183 million	\$183 million	\$233 million
Balance sheet/working capital	\$7 million	\$22 million	\$22 million
Transaction costs	\$10 million	\$10 million	\$10 million

**This includes repayment in full of the subordinated facility guaranteed by Perich Property Pty Ltd in its own capacity and in its capacity as trustee for the Perich Property Unit Trust.*

2.4 Wholesale Investor Offer details

(a) Overview

This Prospectus invites Eligible Investors to participate in the Wholesale Investor Offer which is an offer of up to \$130 million in Notes at an Issue Price of \$1.00 per Note. The Wholesale Investor Offer is not underwritten.

The maximum number of Notes that can be issued under the Wholesale Investor Offer is 130 million.

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

If you wish to participate in the Wholesale Investor Offer, you must submit an Application Form via <https://events.miraql.com/ffgl-offer>.

You should read this Prospectus carefully before making any decisions in relation to the Wholesale Investor Offer.

(b) Who is an Eligible Investor?

Any person who is an Eligible Investor is entitled to participate in the Wholesale Investor Offer. This term includes any person who is either “professional investor” or “sophisticated investor” under sections 708(11) and 708(8) of the Corporations Act and whose registered address is in Australia and certain institutional and professional investors with registered addresses in New Zealand, Singapore, Hong Kong, the United Kingdom or the United States. Please see the definition of “Eligible Investor” in the Glossary in Section 10 for more information.

If you have a registered address in Australia, you are a “sophisticated investor” within the meaning of the Corporations Act if:

- (i) you offer to pay a minimum amount of \$500,000 for the Notes under the Wholesale Investor Offer; or
- (ii) the amount payable by you on submitting an Application Form is at least \$500,000; or
- (iii) you hold a current certificate not more than 6 months old from a qualified accountant which states that you have net assets of \$2.5 million; or
- (iv) you hold a current certificate not more than 6 months old from a qualified accountant which states that you have a gross income for the previous two years of \$250,000; or

(v) you are a company or trust controlled by a person who meets the requirements specified above.

(c) **Wholesale Investor Offer period**

The Wholesale Investor Offer opens at 9:00am (Sydney time) on 29 March 2021 and will close at 5.00pm (Sydney time) on 7 May 2021 (the **Closing Date**).

(d) **Please consider the Wholesale Investor Offer in light of your particular investment objectives and circumstances**

The Notes are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security.

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Wholesale Investor Offer. You should also refer to the risks associated with investment in the Company and the Notes which are set out in Section 7 of this Prospectus.

An investment in the Notes is subject to known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company or the Notes, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

(e) **Allotment of Notes under the Wholesale Investor Offer**

Notes under the Wholesale Investor Offer will be allotted on the Allotment Date (being 11 May 2021). Notes will be issued on Financial Close, which is scheduled to occur following the Extraordinary General Meeting (expected to be held in the week commencing 17 May 2021). No certificates will be issued in respect of Notes. The Company will prepare and provide an allotment statement to the Note Registrar which following allotment will be sent to Eligible Investors setting out the number of Notes allotted to them.

Applicants may contact Link after the Allotment Date on the Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) between 8:30am to 5:30pm Monday to Friday to seek confirmation of their allocation. Following the Closing Date of the Wholesale Investor Offer, all Noteholder communications should be directed to the Note Registrar.

Subject to the allocation policy described below, there is no cap on how many Notes Eligible Investors can apply for under the Wholesale Investor Offer. Eligible Investors should specify the maximum number of Notes they wish to be allocated on the Application Form.

(f) **Allocation policy**

The allocation of Notes under the Wholesale Investor Offer will be determined by the Company in its absolute discretion.

While the Wholesale Investor Offer is open to all Eligible Investors, the Company intends to give allocation priority to Eligible Investors who were Shareholders as at the Record Date, being 19 March 2021. If you are an Eligible Investor who qualifies for priority allocation, your allocation will be calculated by reference to

your pro rata shareholding in the Company as at the Record Date as adjusted to exclude Arrovest's current shareholding in the Company, being 52.5%.

For example, if you hold 1% shareholding in the Company as at the Record Date, then your priority allocation under the Wholesale Investor Offer will be calculated using the following formula:

$$\text{Priority allocation} = 100 \times \frac{1}{(1-0.525)} = 2.1\%$$

If you are an Eligible Investor and wish to be considered for priority allocation, you may apply for more or less than your priority allocation. If you apply for more than your priority allocation, any oversubscription of Notes allotted to you will be determined by the Company in its absolute discretion. In order for priority allocation to occur, you must include your Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) in your Application Form.

There is no assurance that any Eligible Investor will be allocated any Notes, or the number of Notes, for which it has applied. The allocation policy of the Company will be influenced by a range of factors, including:

- (i) the preference of the Company to give priority to Applicants who are Eligible Investors and who were Shareholders as at the Record Date;
- (ii) the number of Notes bid for by particular Applicants;
- (iii) the timeliness of the bid by particular Applicants;
- (iv) the Company's desire to establish a wide spread of Noteholders;
- (v) the overall level of demand under the Wholesale Investor Offer;
- (vi) the size and type of funds under management of particular Applicants;
- (vii) the likelihood that particular applicants will be long-term Noteholders and/or Shareholders; and
- (viii) any other factors that the Company considers appropriate.

(g) **Foreign shareholders**

The distribution of this Prospectus and Application Form in jurisdictions outside of Australia may be restricted by law. If you are an Eligible Investor and you come into possession of this Prospectus, then you should observe any such restrictions. See Section 8.20 containing further information on foreign selling 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 Notes or otherwise permit an offer of the Notes in any jurisdiction other than Australia.

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

2.5 Details of Placement to Arrovest

This Prospectus includes an offer to Arrovest to subscribe for \$200 million of Notes at an Issue Price of \$1.00 per Note.

Arrovest is a private investment company owned by the Perich Group. Arrovest is the Company's largest Shareholder, holding 52.5% of all Shares currently on issue. Arrovest is also represented on the Company's Board by Tony M. Perich AM, who holds more than 20% of the voting power of Arrovest, and Timothy Bryan who is the current Chief Executive Officer of the Perich Group.

The maximum number of Notes that can be issued to Arrovest under the Placement is 200 million Notes.

Pursuant to the Arrovest Commitment Letter, further details of which are set out in Section 8.6, Arrovest has committed to subscribe for \$200 million of Notes, subject to being scaled back to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer. If the Company receives subscriptions for Notes under the Wholesale Investor Offer in excess of \$65 million, Arrovest's participation in the Placement will be scaled back on a 1 for 1 basis for those subscriptions under the Wholesale Investor Offer exceeding \$65 million.

Finalisation of allocation and issuance of Notes under the Placement will occur on the same dates as under the Wholesale Investor Offer.

2.6 Application Monies and interest

Application Monies received from an Applicant will be held by Link in a trust account until the Notes are issued to that Applicant. If you are allotted less than the number of Notes you applied for, you will be sent a refund cheque for the relevant amount of Application Monies (without interest) not applied towards the issue of Notes, as soon as practicable after the Allotment Date. Any balance of Application Monies that is remaining as a result of rounding will be refunded to you except where the amount is less than \$2, in which instance it will be retained by the Company or donated to charity.

The Company reserves the right to withdraw or vary all or part of the Capital Raising at any time, subject to applicable laws, in which case the Company will refund Application Monies in relation to Notes not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, each Applicant agrees that such Application Monies shall not bear or earn interest for the Applicant, irrespective of whether or not all or any Notes applied for by the Applicant are issued to the Applicant, and that any interest earned on Application Monies held by the Company shall be the property of Company.

2.7 Underwriting

The Capital Raising will not be underwritten, however Arrovest has provided a binding commitment to subscribe for \$200 million of Notes (subject to a scale back) pursuant to this Prospectus and subject to the terms of the Arrovest Commitment Letter.

2.8 Disclaimer

The Company reserves the right to determine whether a person is an Eligible Investor. Please see Section 2.4(b) of this Prospectus and the definition of “Eligible Investor” in the Glossary in Section 10 for more information.

Please also refer to Section 8.19 of this Prospectus which sets out the representations and warranties which accepting Eligible Investors will be deemed to have given (including confirming that they are an Eligible Investor) by completing and submitting their Application Form or making a payment by BPAY®.

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 Investor or an Ineligible Investor.

2.9 Tax implications

Section 6 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to Noteholders. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.

2.10 Enquiries

If you have any questions about the Wholesale Investor Offer please call the Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether Notes are a suitable investment for you, you should seek advice from your professional adviser.

3 Action required by Eligible Investors

3.1 Fill out an Application Form

Eligible Investors who wish to participate in the Wholesale Investor Offer should complete the electronic Application Form via <https://events.miracle.com/ffgl-offer> in accordance with the instructions set out on that form. Applications will not be accepted in any other form.

Completed Application Forms must be received by no later than 5.00 pm (Sydney time) on 7 May 2021 together with Application Monies. Applicants are encouraged to submit their Application Form as early as possible.

No brokerage, stamp duty or other costs are payable by Applicants.

It is expected that successful Applicants will be issued Notes on the date of the Extraordinary General Meeting, currently scheduled for the week beginning 17 May 2021. The Company's decision as to the number of Notes to be issued to any Eligible Investor will be final.

Application Monies will be held on trust for Applicants until issue of the Notes. Interest earned on Application Monies will be for the benefit of the Company and will be retained by it whether or not Notes are issued. If you are an Eligible Investor and wish to be considered for priority allocation (as set out in Section 2.4(f)), you must include your Security Reference Number (SRN) or Holder Identification Number (HIN) on the Application Form.

Application Forms and Application Monies will not be accepted at the Company's registered or corporate offices, or other offices of Link.

If you are an Eligible Investor in Australia who is a "sophisticated" investor and does not subscribe for Notes in excess of \$500,000, you are required to submit a copy of a certificate from a qualified accountant (no more than 6 months old) stating that you have net assets of \$2.5 million or more, or you have a gross income for the previous two years of at least \$250,000.

3.2 Shareholders who are Eligible Investors

If you were a Shareholder of the Company at the Record Date who qualifies as an Eligible Investor (see Section 2.4(b)) and who wants to participate in the Wholesale Investor Offer, you will be offered priority to participate in the Wholesale Investor Offer as set out in Section 2.4(f).

3.3 Ineligible Investors

Ineligible Investors are not entitled to participate in the Wholesale Investor Offer. If you receive this Prospectus and an Application Form but you are an Ineligible Investor, please disregard.

3.4 Payment for Notes

Payment must be made using BPAY®. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. If you are an Eligible Investor and do not hold an account with an Australian financial institution, it is your responsibility to obtain all necessary approvals and take all

required action to ensure the Application Monies are paid via BPAY® pursuant to this Prospectus.

Payments by cash, cheque, money order or bank draft will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many Notes as your payment will pay for in full.

Any Application Monies received for more than your final allocation of Notes will be refunded as soon as practicable after the close of the Wholesale Investor Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the electronic Application Form.

When completing your BPAY® payment, please use the specific biller code and unique Customer Reference Number generated by the electronic Application Form and displayed on the final confirmation page.

Eligible Investors considering using BPAY® should consult directly with their financial institution to confirm there are no restrictions on their account which may impact their ability to use BPAY® to participate in the Wholesale Investor Offer.

It is your responsibility to ensure that your BPAY® payment is received by Link by no later than 5.00 pm (Sydney time) on 7 May 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when you make payment.

The Company accepts no responsibility for any failure to receive Application Monies by BPAY® before the Closing Date, including arising as a result of, among other things, processing of payments by financial institutions.

The electronic Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

3.5 Returning the form or making a BPAY payment

By submitting your Application Form or making a payment by BPAY®, you will be deemed to have given certain representations and warranties to the Company. Please see Section 8.19 for further information.

3.6 Provision of bank account details for interest payments

The Company will pay any Interest on the Notes directly into an account at an Australian branch of a financial institution nominated by you. The Company will not issue cheques to pay your Interest.

If you do not provide your relevant details to the Company and the Note Registrar in the Application Form, or the transfer of any Interest payment cannot be completed, the Company will have no obligation to make the payment until relevant details are provided. If you wish to update your bank details, please contact the Note Registrar.

The Company may also pay any unpaid amount in accordance with laws relating to unclaimed money and, having done so, will have no further liability to the relevant Noteholder.

3.7 Provision of Tax File Number or Australian Business Number of Australian

As part of submitting your Application Form, you will be requested to supply your Tax File Number (TFN) or Australian Business Number (ABN). If you require a TFN or ABN, it is your responsibility to arrange for one.

The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act.

You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, the Company may be required to withhold Australian tax at the maximum personal marginal tax rate plus the Medicare levy on the amount of any Interest payment unless you provide one of the following:

- (a) TFN;
- (b) TFN exemption number (if applicable); or
- (c) ABN (if the Notes are held in the course of an enterprise carried on by you).

3.8 Enquiries

If you have any questions, please contact the Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia). The Offer Information Line will be open from 8:30am to 5:00pm (Sydney time), Monday to Friday.

While Link will be responsible for managing all enquiries received during the Offer Period regarding the Notes and the Capital Raising, all correspondence in relation to the issue of the Notes and information required from Noteholders should be addressed to the Note Registrar, not Link.

If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

FREEDOM FOODS GROUP LIMITED RECAPITALISATION

19 MARCH 2021



Important notice and disclaimer

The following disclaimer applies to this presentation and any information provided in this presentation (**Information**).

This presentation has been prepared by Freedom Foods Group Limited (**Company**) on information available at the time of its preparation. The Information is in summary form and does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange from time to time.

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The Information has been prepared in good faith, neither the Company or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the Information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of the Company, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.

Certain statements in this presentation, particularly those regarding possible or assumed future performance, potential business growth, industry growth or other trend projections, and any estimated company earnings or other performance measures, are, or may be, forward-looking statements. Such statements involve unknown risks and uncertainties, many of which are outside the control of the Company. Actual results, may vary materially from any forward- looking statements and the assumptions on which those are based, and such variations are normal and to be expected. The Information also assumes the success of the Company's business strategies. The success of the strategies is subject to uncertainties and contingencies beyond the Company's control. Given these uncertainties, the Company cautions investors and potential investors not to place undue reliance on these forward-looking statements. The Company makes no undertaking to update or revise the forward-looking statements included in this presentation to reflect any future events or circumstances, but has ensured they are fair and reasonable at the time of making this presentation.

Some of the information in this presentation is based on unaudited financial data which may be subject to change without notice. The financial statements of the Company for the financial year ended 30 June 2020 have been prepared on a going concern basis. Please see Note 2 to the financial statements for further information.

All values are expressed in AUD unless otherwise stated.

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1. Executive summary

freedom GROUP
Making food better **FOODS** LIMITED



Overview of Recapitalisation

- The Company is undertaking :
 - a capital raising to raise up to \$265m (**Capital Raising**), by way of the issuance of unlisted, subordinated secured convertible notes (**Notes**); and
 - a restructure of its existing senior debt facilities with HSBC and NAB, (together, the **Recapitalisation**)
- The Capital Raising will comprise:
 - an invitation to Eligible Investors to participate in an offer of up to \$130m of Notes (**Wholesale Investor Offer**); and
 - a placement of up to \$200m of Notes to Arrovest, with the Company having the ability to scale back Arrovest's investment to a minimum of \$135m depending on the level of participation under the Wholesale Investor Offer (**Placement**)
- Arrovest has provided a binding commitment to subscribe for \$200m of Notes (subject to scale back by the Company). The Company will seek to raise a further \$65m on a best efforts basis, noting it is not required for the Recapitalisation to complete
- The net proceeds from the Capital Raising will be applied to:
 - repay between \$183m – \$233m of the Company's existing debt, consistent with the requirements of the Company's senior lenders;
 - provide a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company; and
 - provide incremental capital to support the Company's turnaround strategy
- Funds are being raised by way of Notes:
 - determined as the best option to attract the necessary funds on terms acceptable to the Company
 - Provides flexibility for investors to participate in any future upside by converting Notes into ordinary shares (subject to the shareholder approvals being obtained)
 - Provides downside protection for the incoming capital provided by investors in the Notes with the benefit of subordinated security over the Company's assets, particularly while the Company undertakes its operational turnaround and defends itself from material legal disputes and class actions
 - Eligible shareholders (excluding Arrovest) will have an ability to participate in the Wholesale Investor Offer on a priority basis
- The Company also intends to proportionally offer 40.8m ASX listed options (**Options**) to shareholders (excluding Arrovest) to raise up to a maximum of \$40m, given not all shareholders may be able to participate in the Notes. This issue of Options is subject to shareholder approval
- While the Recapitalisation does not de-lever the Company's balance sheet until such time as the Notes convert, it does provide the Company with more flexible capital to work through the turnaround period including two years of financial covenant-free senior debt and six years of financial covenant-free Notes
- The Wholesale Investor Offer will open on 29 March 2021¹
- The Company retains sufficient liquidity through to completion of the Capital Raising (expected in mid-May 2021)
- Shareholder approval for the Recapitalisation will be sought in the week commencing 17 May 2021, with settlement of the Notes to occur shortly thereafter

Notes:

1. Subject to any extension of the exposure period by ASIC under the Prospectus

Key benefits of the Recapitalisation

- ✓ Completion of the Recapitalisation provides funding certainty to the Company and substantially repays existing senior lenders
- ✓ The Notes do not have financial covenants and provide flexibility on interest payments, enhancing cashflow and operational runway for the Company
- ✓ Allows the Company to raise capital at a valuation which reflects a likely premium to other alternatives given earnings and operational uncertainties
- ✓ Allows capital to be raised, notwithstanding a challenging backdrop
- ✓ Provides eligible shareholders with the opportunity to participate in the Notes¹, and the ASX listed Options¹
- ✓ The Recapitalisation is accompanied by improved governance, new management appointments, and H1 FY21 results showing improvements in financial and operational performance

Notes:

1. Eligible shareholders can participate in the Wholesale Investor Offer. Eligible shareholders as at 19 March 2021 will have a priority allocation to participate. The Options will be offered pro-rata to all shareholders (excluding Arrowvest) with the record date being the same record date to determine voting entitlements for the Shareholder EGM, which is expected to be held in the week commencing 17 May 2021 being the date voting entitlements will be determined for the Extraordinary General Meeting (EGM) to be called by the Company to approve the issue of the Notes and the Options

Key features of Notes and Options

The Recapitalisation provides eligible shareholders and new investors with an opportunity to participate in the future of the Company alongside, and on the same terms as, Arrovest

Key features of the Notes¹

Subscription Amount	<ul style="list-style-type: none"> Up to \$265 million \$200 million binding commitment by Arrovest (subject to scale back by the Company to a minimum amount of \$135 million) Up to \$130 million from a Wholesale Investor Offer, available to sophisticated and professional investors² (excluding Arrovest), with existing eligible shareholders receiving a priority allocation
Note Issue Price and Conversion Price	<ul style="list-style-type: none"> Issue price: \$1.00 The Notes will convert into Shares calculated by dividing the outstanding face value of the Notes (including accrued interest) by a notional share price of \$0.70 (subject to adjustments)³
Conversion and Makewhole	<ul style="list-style-type: none"> Subject to the shareholder approvals, Notes can convert into Shares at any time at a Noteholder's election. Notes will be mandatorily converted where 75% or more of Noteholders have elected to convert. Notes are redeemable at any time by the Company subject to payment of a makewhole amount of 1.75x (Year 1) - up to 2.30x (by Year 6) times the Subscription Amount (subject to anti dilution adjustments)³
Shareholder approval	<ul style="list-style-type: none"> Shareholder approval will be sought for the issue of the Notes, however the Cash Settled Conversion Right⁴ of the Notes allows the Company to still complete and issue the Notes independent of Shareholder approval, providing the Company with greater certainty
Interest rate	<ul style="list-style-type: none"> First 30 months: 7.0% cash or 8.5% pay if you can Thereafter: 7.0% cash or 5.0% cash + 3.5% pay if you can
Maturity	<ul style="list-style-type: none"> 6 years maturity
Other	<ul style="list-style-type: none"> Notes are unlisted, but will be transferable off-market

Key features of the Options

Overview	<ul style="list-style-type: none"> Subject to obtaining shareholder approval, 40.8 million Options to be issued pro-rata to all shareholders (excluding Arrovest) Equivalent to approximately 1 option for every 3.2 shares held (ratio excludes shares held by Arrovest) Record date for the Options will be the date on which voting entitlements are determined for the EGM, at which shareholder approvals will be sought for the issue of the Notes and Options
Exercise price	<ul style="list-style-type: none"> \$0.98
Maturity	<ul style="list-style-type: none"> 6 years
Exercisable	<ul style="list-style-type: none"> The Options will include restrictions as to when they may be exercised, details of which will be provided in the prospectus to be issued in respect of the Options
Status	<ul style="list-style-type: none"> Tradeable on the ASX
Payment	<ul style="list-style-type: none"> Full payment is made upon exercise of the Options (i.e. no requirement to fund up-front)
Further detail	<ul style="list-style-type: none"> Further detail on the terms and conditions attaching to the Options will be provided in a separate prospectus for the Options, which will be lodged by the Company in due course

Notes:

1. See slides 28-31 for further details regarding the terms and conditions of the Notes
2. Refer to the Note Prospectus for full details of eligibility to participate in the Wholesale Investor Offer
3. Refer to the Note Prospectus for full details of adjustments
4. See slide 29 for further details regarding the Cash Settled Conversion Right

Impact of the Recapitalisation on the Company and shareholders

- The Company has commenced a significant operational and financial turnaround, with the Recapitalisation providing a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company, but there remains material execution risk in its delivery, in addition to the uncertainty of any impact from various legal actions which the Company is currently defending or potentially required to defend
- The above risks are reflected in both the cost and structure of the Notes
- Until the operational and financial performance of the Company materially improves, relevant legal actions have been resolved, and the Notes convert, the share price of the Company will likely be materially impacted and it is unlikely any dividends will be paid to shareholders

Key Impacts	Current Position	Post Recapitalisation
Maturity	<ul style="list-style-type: none"> ▪ Current senior facilities in standstill, expiring 28 May 2021 	<ul style="list-style-type: none"> ▪ Restructured senior debt with 2 year maturity ▪ Notes with 6 year maturity
Interest cost	<ul style="list-style-type: none"> ▪ Debt facilities have an average cash cost of c.\$15m-\$17m p.a. 	<ul style="list-style-type: none"> ▪ Restructured senior debt will have an average cash cost of c.\$5.0m-\$7.5m p.a. ▪ Notes will capitalise interest at 8.5% p.a. with no cash amounts payable in the first 30 months
Covenants	<ul style="list-style-type: none"> ▪ Financial covenants currently not met 	<ul style="list-style-type: none"> ▪ No financial covenants under restructured senior debt or Notes ▪ Incurrence of further debt governed by respective financing agreements
Leverage	<ul style="list-style-type: none"> ▪ \$332m of total debt pre Recapitalisation¹ 	<ul style="list-style-type: none"> ▪ \$349m-\$364m of total debt post Recapitalisation¹, of which \$200-\$265m is convertible into equity
Makewhole impacts	<ul style="list-style-type: none"> ▪ N/A 	<ul style="list-style-type: none"> ▪ Makewhole is an amount to be paid to Noteholders on redemption (by the Company), maturity or default. Not payable on conversion into equity ▪ If \$265m of Notes issued, \$490m would be payable if Notes redeemed end of Year 3 (applying 1.85x makewhole amount)²
Equity ownership (post conversion)	<ul style="list-style-type: none"> ▪ Current shareholders control 100% of Company 	<ul style="list-style-type: none"> ▪ Dilutionary impact on shareholders contained in appendix. For example, if the Notes convert at the end of year 3: <ul style="list-style-type: none"> – Current shareholders control ~40% (assuming all options exercised) – Notes control ~60%

Notes:

1. Pro-forma total debt outstanding at 31-Dec-20, adjusted to reflect the \$12m increase in the subordinated facility limit to 25 February 2021 and the repayment of \$6.5m equipment financing arrangements relating to the Cereals & Snacks segment. Total debt outstanding is shown before capitalised borrowing costs of \$6.5m
2. Refer to slide 30 for the applicable Makewhole Amount in each year, and slide 53 for illustrative Makewhole Amounts under different raising scenarios

Indicative Timetable

A summary timetable is provided below, with a detailed timetable included in the body of the Prospectus

Transaction Steps

Indicative transaction timetable provides sufficient time for shareholders to understand and consider the Recapitalisation holistically:¹

Key step	Date
Announcement of Capital Raising	19 March 2021
Prospectus lodged with ASIC and ASX	19 March 2021
Wholesale Investor Offer opens	29 March 2021 ²
Record Date for Eligible Investors	19 March 2021
Lodge Notice of Meeting and Explanatory Memorandum containing Independent Expert's Report with ASX, and despatch materials to shareholders	Mid April 2021
Wholesale Investor Offer closes	7 May 2021
Finalisation of allocations under Wholesale Investor Offer	11 May 2021
Extraordinary General Meeting of the Company	W/c 17 May 2021
Financial close and issue of Notes	W/c 17 May 2021

Trading of Freedom Shares

Trading of Freedom shares is expected to recommence on Monday 22 March 2021

Notes:

1. This timetable is indicative only and subject to change without notice. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, the Company (with the consent of Arrowvest and its Senior Lenders) reserves the right to amend this timetable at any time, including extending the Wholesale Investor Offer period or accepting late applications, either generally or in particular cases, without notice.
2. Subject to any extension by ASIC of the exposure period under the Prospectus.

2. Strategy update

freedom GROUP
Making food better **FOODS** LIMITED

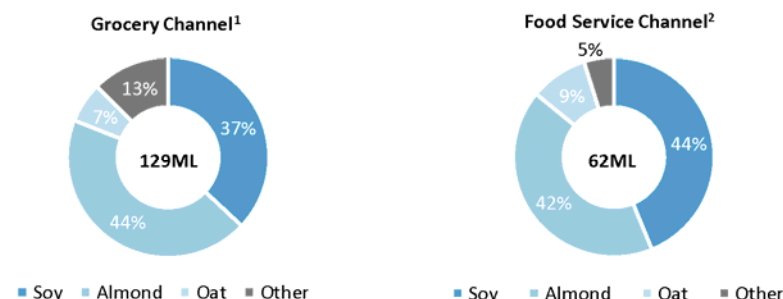


Market drivers / industry thematics | Plant Based Beverages (PBB)

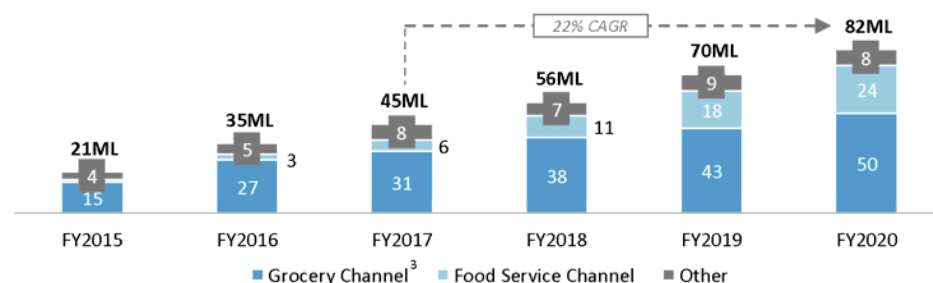
Plant Based Beverages is a high growth segment with strong industry thematics driving future category expansion

- ✓ PBB represent a strong and growing market in the Food Service channel. Based on US/UK trajectories, this market could increase ~40% in size by FY23
- ✓ Strong up-take in the specialty café market with growth driven by the “coffee culture” and desire for specialty “barista” quality products with frothing capabilities and favourable texture profiles. **MILKLAB** sales increased 50% in H1 FY21 and is stocked in 8,000+ cafes
- ✓ Demand also driven by consumer preferences such as health consciousness, dietary considerations, lactose intolerance and environmental sustainability
- ✓ Further growth opportunities in QSR and FSR sub sectors,⁴ whilst exports to Asia remain a large opportunity, especially given limited premium barista brands
- ✓ Almond and oat milk are expected to be the key drivers of future growth, with Freedom expecting to launch new oat beverage products in CY21
- ✓ Freedom has grown plant based sales at a compound annual growth rate of 22% from FY17 to FY20

Estimated Australian Market Size (millions of litres)



Freedom Australian Plant Based Sales (millions of litres)



Notes:

1. IRI Scan Data, MAT 12-months to 27-Sep-2020. Coles and Woolworths only
2. Source: LEK Consulting. Does not represent entire Food Service market (includes Cafes and Quick Serve Restaurants, but excludes Full Service Restaurants and Bars/pubs/clubs)
3. Includes Coles, Woolworths, Aldi and independent retailers
4. Quick Service Restaurants and Full Service Restaurants

Market drivers / industry thematics | Dairy & Nutritionals

Freedom's Dairy & Nutritionals segment is exposed to attractive end markets with strong industry thematics driving future market expansion

✓ Recognised health benefits, ranging from skin and bone health to digestive and immune system support, are driving strong global demand for high margin Lactoferrin (Lf). There are barriers to entry to increasing supply

✓ Sales of the Company's PUREnFERRIN lactoferrin product increased 67% in H1 FY21, with current run rate lactoferrin production of c.28 tonnes p.a. relative to production capability of 33 tonnes p.a. making Freedom one of the largest producers globally

✓ Strong demand for protein sports products driven by the prevalence of active lifestyles in Australia and the increase in popularity of high protein, low carb diets are expected to support demand for Freedom's consumer nutritional products

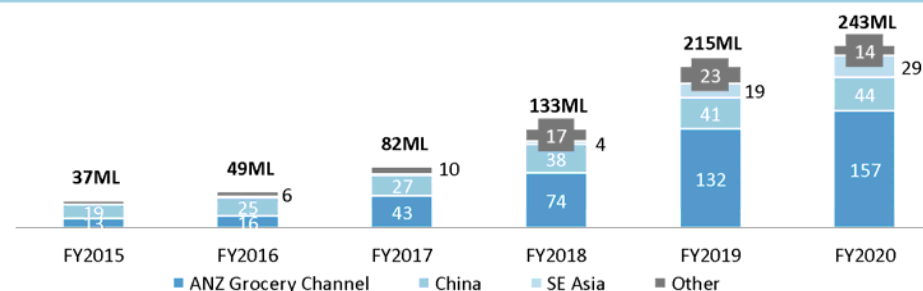
✓ Australian exports of liquid milk have increased >10% p.a. over the last 5 years² driven by demand from China - one of the world's largest, and fastest growing UHT dairy markets accounting for ~37% of Australian exports of liquid milk, with other Asian markets (ex China) representing ~55% of all liquid milk exports²

✓ The Company's export sales of UHT milk to China rose 56% in H1 FY21 and sales to SEA rose 49% over the same period (sales volume in litres)

Key Global Lactoferrin Producers¹

	Estimated FY20 Capacity	Confirmed Capacity Increase	Manufacturing Location
Morinaga	c.70t	+80t	Germany
Bega	60t	-	Australia
Synlait	33t	-	New Zealand
Freedom Foods	33t	-	Australia
Saputo	15-20t	-	Australia
Others ¹	c.134t	+70t	n.a.
Total	c.350t	+150t	

Freedom UHT Dairy Sales (millions of litres)



Notes:

- Source: Company websites and presentations. Company list not exhaustive. Others include Armor Proteines, Beston Global Food Company, Fonterra, FrieslandCampina, Glanbia, Ingredia, Tatua, Westland
- Australian Dairy Industry in Focus 2020

VISION

Our sustainable
growth promise

*Creating sustainable growth
through innovative brands and
products for the nourishment and
benefit of our stakeholders*

VALUES

Our culture promise

- High performance, high integrity culture
- Customer and consumer centric
- Integrity and respect
- Courage and accountability
- Collaboration

Strategic approach

Focus on segments with the greatest opportunity for future growth

Plant Based Beverages, Dairy & Nutritionals

- ✓ Focus on strong performances of key brands and product lines such as plant based beverages and Lactoferrin
- ✓ Growing into premium channels and export markets
- ✓ Large and growing target addressable markets

Investment into key brands



Corporate

- ✓ Strong customer focus
- ✓ Employee culture for high performance and integrity, and valuing quality, honesty, trust and innovation
- ✓ Improve controls, reporting and accountability

Operational

- ✓ Reduce unnecessary complexity, waste and risk
- ✓ Fewer product lines and better production planning
- ✓ Optimise utilisation, yield enhancement and efficiency

SHORT TERM OBJECTIVES

- ✓ Refine organisational structure
- ✓ Improve business processes and reporting
- ✓ Further simplification of SKU portfolio and product formulations
- ✓ Remove production bottlenecks, optimise existing capacity and improve utilisation
- ✓ Strategic new product development

MEDIUM TERM OBJECTIVES

- ✓ Disciplined capital allocation
- ✓ Flexibility to increase plant based UHT beverage production capacity (capacity may vary due to product mix, shift patterns, etc.)
- ✓ Realise operational improvements, procurement benefits and commercial margin accretion
- ✓ Drive sustainable profitability (executive long term incentive plan aligned to this outcome)
- ✓ The Company is in the process of creating a more holistic sustainability and reporting framework

Turnaround status – what has been achieved so far?

The Company has made significant progress on the turnaround since June 2020

Reduction in losses	Development of detailed business plan and operating strategy	Board and Management renewal	Cultural and Governance change
<ul style="list-style-type: none"> H1 FY21 results showed a strong recovery in financial and operational performance driven by increased volumes and improved operational performance Major improvement in profitability and cashflow <ul style="list-style-type: none"> H1 FY21 Adjusted EBITDA (pre AASB 16)¹ from continuing operations \$21.7m compared to a loss of \$26.5m in H1 FY20 (restated) Compares with FY20 Adjusted EBITDA (pre AASB 16)² loss of \$86.5m (incl. Cereals and Snacks) or a loss of \$54.4m (excl. Cereals and Snacks) 	<ul style="list-style-type: none"> Detailed business plan has been developed to drive financial performance and operating decisions Transformation Program has been established to implement and drive turnaround <ul style="list-style-type: none"> A number of segment-level initiatives have been identified and implementation commenced Pollen Consulting has been appointed to assist scoping and execution Sale of Cereals and Snacks implemented to reduce complexity 	<ul style="list-style-type: none"> Company is close to completing its talent renewal strategy Board changes include: <ul style="list-style-type: none"> New Independent Chair Majority of Independent Directors on the Board New Independent Chair of Audit committee Management changes include: <ul style="list-style-type: none"> Renewal of leadership team with new CEO, CFO, COO, General Counsel & Company Secretary, GM Internal Audit and Head of Treasury Several new and replacement operational and finance roles have been filled 	<ul style="list-style-type: none"> Cultural and leadership change program implemented, driving new values, measurable behaviours, accountability, collaboration and co-ordination across the business New incentive program designed. To be implemented post Recapitalisation and tied to financial and operational turnaround and aligned with shareholder value and culture change outcomes Updated accounting and governance policies Tightened management controls, delegations of authority and operating procedures New risk management framework and policies under development and implementation in progress

Notes:

- Adjusted for non-trading and non-recurring items (including restructuring costs, product recall costs and unrealised foreign exchange loss)
- Adjusted per the FY20 results presentation, adjusting for impairments, provisions, and restructuring expenses

Freedom is an early entrant in the plant based beverages market in Australia with a strong brand portfolio and a diversified channels to market strategy

Business highlights

- ✓ **MILKLAB** is the one of Australia's leading plant based barista milks for coffee in the foodservice channel
- ✓ Strong growth in **MILKLAB** sales (up 50% in H1 FY21) supported by new distribution channels, including partnership with McCafé for **MILKLAB** Almond and Lactose Free
- ✓ Australia's Own is the #1 organic almond plant based beverage brand sold in the grocery channel
- ✓ Freedom is the largest Australian supplier of almond based beverages in the food service and grocery channels
- ✓ Ingleburn capacity of 120ML¹ with potential to increase the scale of operations to 260ML with capex²

Notes:

1. Estimated capacity from January 2021 based on 5 days annualized
2. Assuming 24/5 shift pattern and current product mix. Capacity may vary due to product mix and/or shift patterns

Business overview

- Manufactures and distributes a range of UHT plant-based milk varieties
- Strong sales channel diversification across retail, out of home, export and contract manufacturing/ private label
- Developing capabilities in oat milk with **MILKLAB** oat launch anticipated in CY21

Manufacturing facility



Ingleburn:

- ~30,000 sqm purpose-built site
- UHT facility with plant-based beverages/products capabilities

Product and brand offering

MILKLAB

- Almond
- Soy
- Coconut
- Rice
- Macadamia



- Barista range
- Organic range
- Pea protein

Business overview | Plant Based: Financial performance



Financial results

(A\$m)	H1 FY21	H1 FY20 (restated)	Change (\$)	Change (%)	FY20
Revenue	75.2	64.4	10.8	17%	132.3
Adjusted EBITDA (pre-AASB16)¹	15.2	12.6	2.6	21%	17.2
Margin (%)	20.2%	19.5%	n.m.	n.m.	13.0%
Volume sold (ML)	43.2	39.2	4.0	10%	81.9

Note: EBITDA is post allocated corporate overhead

Summary of performance

- Revenue increased 17% to \$75.2m as the plant-based beverages segment overcame the impact of COVID-19 on the out-of-home market to deliver robust growth across all channels and all brands, particularly **MILKLAB**
- Adjusted EBITDA rose 21% to \$15.2m, with profitability continuing to improve as economies of scale increase
- MILKLAB** sales increased 50% in the half year, with the brand continuing to build customer loyalty as health-conscious consumers increasingly opt for plant-based milks, particularly in the fast-growing specialty café market
- MILKLAB** is sold in approximately 8,000 cafes, with strong potential for expansion through new milk alternative products such as oat milk, new sales channels such as quick service restaurants, and in international markets, such as New Zealand, South East Asia and China

Notes:

- Adjusted for non-trading and non-recurring items (including restructuring costs, product recall costs and unrealised foreign exchange loss), pre AASB 16

Business overview | Plant Based: Ingleburn Site Expansion Opportunity

Site Capacity

- New state-of-the-art facility producing predominantly plant-based beverages with a total capacity of c.120ML p.a.¹
- Scope to materially expand production capacity up to 260ML within the existing facility given sizeable footprint
 - Initial scoping suggests production capacity could be increased up to c.260ML p.a. (24/5 shift pattern) / c.310ML p.a. (24/6 shift pattern), with a further capital requirement of c.\$50-75m²
- Expansion can be staged to meet growing demand to de-risk growth

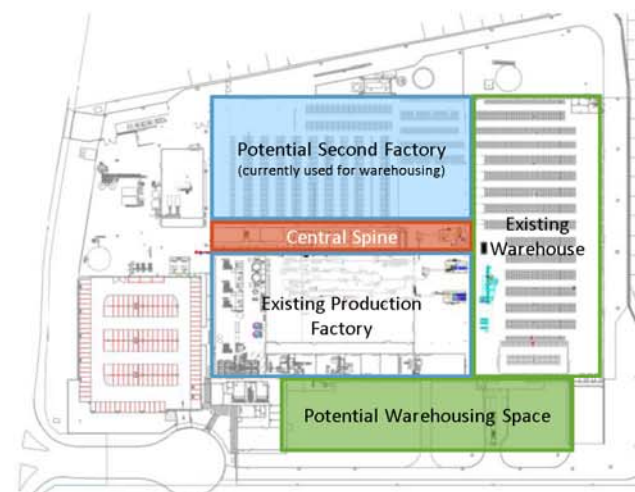
Site Capacity	Initial Estimate of Incremental Capital
150ML	<\$10m
210ML	\$20m - \$30m
260ML	\$25m - \$35m

Notes:

1. Estimated capacity from January 2021 based on 5 days annualized
2. Assuming current portfolio product mix. Further analysis required to confirm initial capex estimates

Site Footprint

- ~30,000 sqm facility, strategically designed to allow the floorspace currently used for warehousing to be converted into a second production factory
 - A central spine divides the floorspace, and provides the ability to mirror the current production factory
 - Hydraulics, draining and foundations are already in place



Business overview | Dairy & Nutritionals

Vertically integrated Dairy & Nutritionals business, focused on value-added products and building consumer brands

Business highlights

- ✓ Largest supplier of UHT milk in Australia processing over 300 million litres of UHT dairy products in FY20¹
- ✓ Significant scope to improve asset utilisation and processing efficiency
- ✓ Strong export business with 54% growth in UHT export volumes in H1 FY21 (pcp)
- ✓ Scaled production of high value-added nutritional ingredients used in branded consumer products
- ✓ Current run rate lactoferrin production of c.28 tonnes p.a. relative to production capacity of 33 tonne p.a.
- ✓ The Vital Strength brand is experiencing double digit growth in Pharmacy and is also set to enter the sports specialty channel in FY22

Notes:

1. Includes UHT dairy products, bulk cream, standardised milk and retentate
2. Crankt protein bars and protein snacks are currently co-manufactured

Location & facilities



Marrickville:

- Blending and packing facility for protein powders
- Produces a range of sports and adult nutrition products

Shepparton:

- ~32,700 sqm purpose-built facility
- Australia's largest dedicated UHT dairy facility

Brand offering

Dairy	Consumer Nutrition ²	Nutritionals
		<p>Specialised nutritional proteins:</p> <ul style="list-style-type: none"> • Lactoferrin • Micellar Casein (MCC) • Whey Protein Isolate (WPI)

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Business overview | Dairy & Nutritionals: Financial performance



Financial results

(A\$m)	H1 FY21	H1 FY20 (restated)	Change (\$)	Change (%)	FY20
Revenue	209.8	182.0	27.7	15%	362.9
Adjusted EBITDA (pre-AASB16)¹	8.5	(20.9)	29.4	n.m.	(46.1)
Margin (%)	4.0%	(11.5%)	n.m.	n.m.	(12.7%)
UHT volume sold (ML)	129.4	119.8	9.6	8%	243.1
Lactoferrin volume sold (tonnes) ²	15.2	4.8	10.4	217%	10.4

Note: EBITDA is post allocated corporate overhead

Notes:

- Adjusted for non-trading and non-recurring items (including restructuring costs, product recall costs and unrealised foreign exchange loss), pre AASB 16
- The Company experienced delays in the commissioning of new capacity at its Shepparton plant in FY20, resulting in lower than-anticipated yields of lactoferrin. The Company is now achieving more consistent operational performance at Shepparton, with the lactoferrin plant producing materially higher volumes in line with design expectations

Summary of performance

- Revenue for the six months to 31 December 2020 rose 15% to \$209.8m as the business returned to profitability with adjusted EBITDA of \$8.5m compared to a loss of \$20.9 million previously
- In Australia, retail UHT sales benefited from pantry-stocking during COVID-19 lockdowns, although this benefit has been declining and is partially offset by an associated reduction in the higher-margin out-of-home market
- Demand for cream and butter, which was adversely affected by COVID-19 lockdowns, continues to improve with the continued reopening of restaurants and cafes as restrictions are eased, although pricing remains below long-term trends
- Dairy exports to South East Asia and China – among the world's largest and fastest-growing UHT markets – remain strong, with sales of Group brands and contracted customer brands continuing to track ahead of the previous corresponding period
- Sales of the Company's PUREnFERRIN lactoferrin product increased 67% in the half year compared to the previous corresponding period whilst total sales volumes of lactoferrin increased by 217%²
- Sales of consumer nutritionals, including Vital Strength, UPROTEIN and Crankt, continue to improve following a fall in demand caused by the temporary closure of gyms and specialty stores during COVID-19
- These products are benefiting from strong demand for protein sports nutrition products driven by the prevalence of active lifestyles among the Australian population and the increasing popularity of high-protein, low-carbohydrate diets
- Sales through the e-commerce and pharmacy channels, whilst small, are having a positive impact on revenue and margins

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Business segment strategies

A major transformational program is underway, capturing financial, commercial, manufacturing, supply chain, engineering & maintenance, procurement, and critical enablers (management steering committee). Transformation program benefits expected to be realised over a 3 year period

CORPORATE STRATEGY

- ✓ Joint business plans with customers to enable strategic opportunities
- ✓ Strategic new product development focused on expanding our range across our beverage and nutritionals portfolio
- ✓ Field sales team to drive further penetration in the Out of Home channel
- ✓ Marketing campaign of key brands across the portfolio
- ✓ Finalise transformation timeline and initiatives
- ✓ Focus on customer and consumer trends
- ✓ ESG reporting to be developed

BUSINESS SEGMENT STRATEGIES

Dairy & Nutritionals

- ✓ Transformational turnaround to reduce wastage, implement operational efficiencies and optimise production
- ✓ Further SKU rationalisation to remove unprofitable SKUs and product complexity
- ✓ Continue to optimise milk supply (profile, cost, quality)
- ✓ Better integrate the UHT and nutritional facilities from an organisational, operational and commercial perspective
- ✓ Minimise currency risk for export customers through conversion to A\$ contracts
- ✓ Develop market leading branded UHT milk with NPD at the forefront of market

Plant Based Beverages

- ✓ Capitalise on the significant market share and customer brand awareness of **MILKLAB** Almond in the Out of Home channel to launch new product offerings in Oat and Soy
- ✓ Expand brand footprint into new sales channels (e.g. Online, QSR and Grocery) and increase presence in select offshore locations in China & SEA markets through retail outlets, specifically online channels and key coffee chain accounts
- ✓ Undertake disciplined capital investment to increase production capacity to meet growing demand

Board renewal

Roles and Update

- From 19 March 2021, the roles assumed by the Directors are detailed below:
 - **Genevieve Gregor**, joined the Board in March 2020, was appointed Independent Non-Executive Chair of the Board following the FY 2020 AGM and will be a member of all committees
 - **Tony Perich**, was elected to the Board as a Non-Executive Director and is the Deputy Chair of the Board and will be a member of the Risk and Compliance Committee.
 - **Jane McKellar**, joined the Board in May 2020 as an Independent Non-Executive Director and is Chair of the People and Culture Committee and will be a member of all committees
 - **Stuart Black**, joined the Board as an Independent Non-Executive Director, effective 22 March 2021 and will Chair the Audit and Finance Committee and be a member of the Risk and Compliance Committee.
 - **Timothy Bryan** was elected to the Board as a Non-Executive Director and will Chair the Risk and Compliance Committee and be a member of all committees.
- Significant progress has been made within the various committees, including:
 - **Overall** – Updated board and committee charters
 - **Finance & Audit** – new policies implemented or currently being implemented include - inventory, internal audit, fixed asset register, depreciation
 - **People & Culture** – Cultural and leadership change program to drive new values, measurable behaviours, strong accountability, collaboration and co-ordination across the business. Significant progress has been made on the incentive program and recruitment.
 - **Risk & Compliance** – risks register established, roadmap developed, development of risk management and compliance frameworks, updated policies, commenced risk appetite statement work, undergoing policy implementation

Proposed Board

Genevieve Gregor
Independent
Non-Executive
Chair

- Genevieve is a partner of private equity fund Colinton Capital Partners. She was previously Managing Director and Co-Head of the Asian Special Situations Group at Goldman Sachs, Australia

Tony Perich AM
Deputy Chair and
Non-Executive
Director

- Anthony (Tony) is the joint Managing Director of Arrovest Pty Ltd, Leppington Pastoral Company and various other entities associated with Perich Enterprises Pty Ltd. Tony a Member of the Order of Australia

Jane McKellar
Independent
Non-Executive
Director

- Jane has significant experience spanning the consumer-focused FMCG, luxury and retail industries as a CMO and CEO. She currently sits on the Boards of McPhersons, GWA Group and NRMA

Stuart Black AM
Independent Non-
Executive Director

- Stuart is a Chartered Accountant with extensive experience in business. An experienced ASX Non-Executive Director and currently sits on the Boards of Australian Agricultural Company Limited and Palla Pharma Limited. Stuart is a Member of the Order of Australia

Timothy Bryan
Non-Executive
Director

- Timothy is the CEO of the Perich Group. He has over 30 years of business advisory experience and is a Chartered Accountant

Management leadership renewal

Progress	Recent Appointments	
<ul style="list-style-type: none"> Renewal of the leadership team has been significantly progressed Michael Perich stepped in as Interim CEO in August 2020 and has now been appointed as CEO, effective 19 March 2021 Josée Lemoine formally joined as Chief Financial Officer in February 2021 Justin Coss joined as Group General Counsel and Company Secretary in November 2020 Stuart Muir will formally join as Chief Operations Officer in April 2021 David Kenworthy joined the Company as Head of Treasury in February 2021 Tim Phoon joined as General Manager - Internal Audit in November 2020 Other hires will continue to be progressed to support the operational and financial turnaround of the business 	Michael Perich CEO	<ul style="list-style-type: none"> Michael has enjoyed a 25-year career in the agribusiness sector, most recently as director of dairy farm operations at the diversified farming business Leppington Pastoral Company and joint managing director of Australian Fresh Milk Holdings, a significant dairy joint venture in NSW and Victoria
	Josée Lemoine Chief Financial Officer	<ul style="list-style-type: none"> Josée is an experienced CFO with a strong track record in senior executive positions across multiple industries. She is a Fellow of CPA Australia and until then held her CA qualification from Canada Josée was most recently CFO of Invocare (ASX:IVC). Prior to that she held senior finance roles with Telstra, Rio Tinto, Fairfax Media, Boral and Arnott's
	Justin Coss Group General Counsel & Company Secretary	<ul style="list-style-type: none"> Justin is an experienced company secretary and general counsel with a strong track record in the legal profession and in executive positions across the insurance and retail sectors Justin was most recently Interim Group General Counsel and Company Secretary of Super Retail Group Limited (ASX:SUL), and before that was Group General Counsel and Company Secretary at AUB Group Limited (ASX:AUB)
	Stuart Muir Chief Operating Officer	<ul style="list-style-type: none"> Stuart is senior operations executive with expertise in end-to-end supply chain management and is a proven leader of large multifunctional teams in Manufacturing, Planning, Logistics, Environment, Quality, Research and Development. Stuart has had an extensive career at both Unilever and most recently as Director of Supply Chain, Quality and Research & Development at Lion Dairy and Drinks
	David Kenworthy Head of Treasury	<ul style="list-style-type: none"> David is an experienced Treasurer having previously held Treasurer roles at Boral, UGL, Victoria Power Networks, amongst others. During his 30 year corporate and consulting career, David has worked for various public and private companies operating across various sectors. David is a Certified Senior Finance and Treasury Professional with the Australian Corporate Treasury Association and has a Master of Applied Finance from Macquarie University
	Tim Phoon General Manager Internal Audit	<ul style="list-style-type: none"> Tim has held equivalent positions within internal audit at both Automotive Holdings Group Ltd (ASX:AHG) and later Eagers Automotive Ltd (ASX listed) over a tenure spanning over 11 years He is fellow of CPA Australia and has a Certification In Risk Management Assurance from the Institute of Internal Auditors

Other segments – status update



Cereals & Snacks

- As announced to the ASX on 17 December 2020, Freedom entered into an agreement to sell the Cereals and Snacks segment to Arnott's for \$20m in cash
- As further announced to the ASX on 2 March 2021, Freedom announced that it has completed the first stage of a phased completion of the sale
- The first stage of completion included a payment of \$16.1m, with the net proceeds paid to Freedom \$8.0m after discharge of equipment leases
- Freedom continues to operate the Cereal and Snacks business pending the transfer of the remaining assets and full completion of the sale due to take place by the end of March 2021 with a second payment of \$3.8 - \$4.5m for eligible inventory on hand
- The sale includes all 3 sites (Leeton, Dandenong and Darlington Point), most of the employees and all the brands associated with the business including Arnold's Farm, Barley+, Freedom Foods, Heritage Mill, Messy Monkeys and Heritage Mill
- Freedom retains the Crankt protein brand
- Following the sale of the Freedom Foods brand, which is associated with the cereals range, Freedom Foods Group will undertake a process to change its corporate name

Specialty Seafood

- Freedom Foods Group has reviewed all strategic options for the Specialty Seafood business, including divestment
- Certain operating initiatives are being undertaken to improve the profitability of the business
- Further information will be provided in due course

3. Further details of the Recapitalisation

freedom GROUP
Making food better **FOODS** LIMITED



Background to the Recapitalisation

Why does the Recapitalisation involve the issuance of Notes?	<ul style="list-style-type: none"> ▪ The Company intends to raise up to \$265m under the Capital Raising by way of Notes. The Company has elected to issue the Notes (other than Shares or other securities) as it was determined to be the best way to attract the necessary funds on acceptable terms for the Company ▪ The Notes provide flexibility for investors to participate in any future upside if the Notes are converted into Shares. The Notes also provide Noteholders with downside protection by way of granting subordinated security over the Company's assets, while the Company undertakes its operational turnaround and defends itself from material legal disputes and class actions ▪ The Board considers that the Note terms strike a reasonable balance between the requirement of Noteholders to have an adequate return on their investment relative to the risks of investment, and the Company's preference for the Notes to be converted to Shares at the earliest opportunity
Why are the Notes unlisted?	<ul style="list-style-type: none"> ▪ The Company considered a listed retail convertible note, however the Company was not able to secure an external trustee willing or able to provide those services for a retail note offering
Why is the Offer being made to Wholesale investors only?	<ul style="list-style-type: none"> ▪ The Notes are not able to be offered to retail investors. Pursuant to the Prospectus, the Notes are only offered to eligible wholesale investors in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom and the United States ▪ Eligible wholesale shareholders will also be offered a priority allocation to participate in the Wholesale Investor Offer
Can the Notes be traded?	<ul style="list-style-type: none"> ▪ The Notes are unlisted. The Notes will not trade on the ASX ▪ The Notes can be transferred/traded amongst Wholesale investors only, via private over-the-counter facilitation ▪ It is expected that the Notes will be illiquid and infrequently traded
Why are the Options being issued?	<ul style="list-style-type: none"> ▪ ASX listed options are proposed to be issued to shareholders (excluding Arrovest) ▪ The primary purpose of the Options is to provide potential future equity participation in the Company given not all shareholders may be eligible to participate in the Notes

Key terms of the Recapitalisation | Convertible Notes



Overview

Outlined below are some of the key terms and conditions attaching to the Notes. This is a summary only. Further information is set out in the Prospectus (including the Note terms) in full

Unless otherwise defined, capitalised terms in this summary have the meaning given to them in the Prospectus

Key term	Overview
Issuer	Freedom Foods Group Limited (ABN 41 002 814 235) (ASX:FNP) (Company) (together with its subsidiaries from time to time, the Issuer Group)
Eligible Investors	<ul style="list-style-type: none"> Arrovest Pty Ltd (Arrovest); and Eligible sophisticated and professional investors with a registered address in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom or the United States
Total subscription amount	Up to \$265 million
Offer structure	<p>The capital raising to raise up to \$265 million by way of issue of Notes will comprise:</p> <ul style="list-style-type: none"> an invitation to eligible investors to participate in an offer of up to \$130 million of Notes (Wholesale Investor Offer); and a placement of up to \$200 million of Notes to Arrovest, subject to the Company having the ability to scale back Arrovest's investment to a minimum of \$135 million depending on the level of participation under the Wholesale Investor Offer (Placement)
Use of proceeds	<p>The net proceeds from the Capital Raising will be applied to:</p> <ul style="list-style-type: none"> repay between \$183 million and \$233 million of its existing debt, consistent with the requirements of the Company's senior lenders; provide a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company; and provide incremental capital to support the Company's turnaround strategy
Issue price	\$1.00 per Note
Conversion price	Subject to the Shareholder approvals, the Notes will convert into Shares calculated by dividing the outstanding face value of the Notes (including accrued interest) by a notional share price of \$0.70 (subject to adjustments)
Maturity	6 years following the issue date, unless redeemed or converted earlier
No quotation	The Notes will not be quoted on the ASX
Trustee	Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308) will act as Note Trustee, Security Trustee, Paying Agent and Note Registrar in connection with the Notes
Shareholder approval	Shareholder approval will be sought for the issue and conversion of the Notes, which the Company is proposing to seek at an extraordinary general meeting (EGM) to be held during the week beginning 17 May 2021. However the Cash Settled Conversion Right of the Notes allows Company to still complete and issue the Notes independent of Shareholder approval, providing the Company with greater certainty. Where the Shareholder approvals are not obtained, the Notes may only be cash-settled and will not be convertible into shares unless and until the Shareholder approvals are obtained in the future

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Key terms of the Recapitalisation | Convertible Notes (continued)

Key term	Overview						
Equity Conversion Right	<p>If the shareholder approvals are obtained prior to issuance of the Notes, a Noteholder has a right to convert its Notes into shares in the following circumstances:</p> <ul style="list-style-type: none"> any time at a Noteholder's election; if Noteholders holding more than 75% of Notes then on issue have converted or elect to convert (in which case all Notes will be mandatorily converted); upon receipt from the Company of an early redemption notice; upon receipt of an exit notice; or at the Maturity Date 						
Cash-Settled Conversion Right	<p>If the shareholder approvals are not obtained at the EGM, a Noteholder has a right, in certain circumstances, to notionally convert the aggregate face value of all of its Notes for repayment in cash. These circumstances include:</p> <ul style="list-style-type: none"> upon receipt of an exit notice; upon receipt from the Company of an early redemption notice; or during the 45 day period on and from the date the Company releases its full year financial results and half year financial results to ASX in the 12 months prior to the Maturity Date 						
Voting	<p>All Notes will rank pari passu and will be treated as a single class of securities for voting purposes. However, Noteholders do not have a right to vote at meetings of shareholders, subscribe or participate in any new issue of securities by the Company or otherwise participate in the profits or property of the Company. Noteholders may vote at meetings of noteholders, in accordance with the Trust Deed</p>						
Negative covenants	<p>For so long as the Notes remain outstanding, the Company agrees to a number of negative covenants, including in respect of:</p> <ul style="list-style-type: none"> declaring or paying dividends in certain circumstances; incurring any new debt; agreeing or consenting to any settlement or resolution of the Class Actions¹ or any same or similar shareholder class actions brought or threatened against the Issuer in respect of the same facts, matters or circumstances arising prior to the Issue Date; agreeing or consenting to any settlement agreement with, or any settlement or damages payment, to, Blue Diamond or any variation to or replacement of the existing BD Agreement; or creating any new security interests over any assets of the Group 						
Interest rate and payment	<table border="1"> <thead> <tr> <th>Period</th><th>Rate</th></tr> </thead> <tbody> <tr> <td>For the first 30 months</td><td>7.0% p.a. (if paid in full in cash) OR 8.5% per annum for pay if you can (PIYC)² (at the Company's election)</td></tr> <tr> <td>After 30 months</td><td>7.0% p.a. cash (if paid in full in cash) OR 5.0% per annum cash and 3.5% per annum PIYC, at the election of the Company</td></tr> </tbody> </table> <ul style="list-style-type: none"> Interest is payable or capitalising (as applicable) quarterly. If an Interest Adjustment Event has occurred (as defined in the Note terms) each of the applicable interest rates will reduce by 1.0% per annum on and from the date of the relevant event 	Period	Rate	For the first 30 months	7.0% p.a. (if paid in full in cash) OR 8.5% per annum for pay if you can (PIYC) ² (at the Company's election)	After 30 months	7.0% p.a. cash (if paid in full in cash) OR 5.0% per annum cash and 3.5% per annum PIYC, at the election of the Company
Period	Rate						
For the first 30 months	7.0% p.a. (if paid in full in cash) OR 8.5% per annum for pay if you can (PIYC) ² (at the Company's election)						
After 30 months	7.0% p.a. cash (if paid in full in cash) OR 5.0% per annum cash and 3.5% per annum PIYC, at the election of the Company						

Notes:

- See slide 51 and section 8.3 of the Prospectus for further details regarding the Slater and Gordon Proceeding and the Phi Finney McDonald Proceeding
- Pay If You Can (PIYC) provides the Company with the ability to elect to pay 8.5% per annum either in part cash and part payment-in-kind (PIK) or entirely by payment-in-kind

Key terms of the Recapitalisation | Convertible Notes (continued)

Key term

Overview

If the Notes are voluntarily redeemed by the Company, or become redeemable (such as on an Exit or at Maturity), the Company must pay an amount equal to the Initial Face Value of the notes issued, multiplied by the Makewhole Amount below, and less all cash interest or principal payments made to Noteholders prior to the redemption:

	Year	1	2	3	4	5	6
Makewhole Amount	Makewhole	1.75x	1.75x	1.85x	1.85x	2.20x	2.30x

In certain circumstances as set out in the Prospectus, the makewhole payment payable to Noteholders may be less

Events of Default	<p>The Note terms contain a number of events of default, including:</p> <ul style="list-style-type: none"> ▪ non-payment of any amounts due under the Note terms; ▪ failure to issue shares on conversion; ▪ breach of general undertakings; ▪ breach of obligations under the Note terms or the transaction documents; ▪ an Insolvency Event; ▪ a final judgment or determination is handed down that has, or is reasonably likely to have, a material adverse effect; ▪ the non-quotation of the Company's shares on ASX; and ▪ the enforcement of any security interest over an asset of the group with a value greater than \$10,000,000 	<ul style="list-style-type: none"> ▪ Certain Events of Default have cure periods, as specified the Note terms ▪ If an Event of Default occurs, the Note Trustee may declare by notice to the Company that all the Notes are to be Redeemed for the Makewhole Amount and/or take enforcement action against, or direct the Security Trustee to take enforcement action against, the Company or relevant Group Member ▪ The Note Trustee's ability to enforce an Event of Default is, in some circumstances, subject to Noteholder approval
Redemption Events	<ul style="list-style-type: none"> ▪ On the Maturity Date, each Note is redeemable by the Company for the Makewhole Amount unless particular circumstances arise ▪ If a Noteholder has validly issued a cash-settled conversion notice in respect of the Notes, the Company must pay to that Noteholder the cash in lieu of redemption. The Company may voluntarily redeem the Notes at any time prior to the Maturity Date by giving at least 10 Business Days written notice to the Note Trustee and the Noteholders ▪ Redemption may also occur where a Noteholder receives an exit notice or where the Note Trustee declares to redeem the Notes for the Makewhole Amount upon the occurrence of an Event of Default 	

Key terms of the Recapitalisation | Convertible Notes (continued)

Key term

Overview

Security and ranking

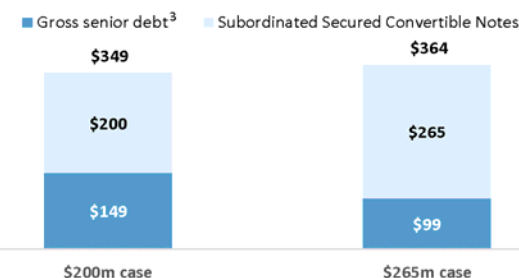
The Notes will be secured by security interests over all of the assets of the Issuer Group (including real estate interests and the issued share capital of each member of the Issuer Group, other than the Company).

In the event of a Winding Up of the Company, each Note ranks¹:

- after all other Priority Permitted Debt;
- equally with each other Note, any other Pari Passu Debt, and any other Permitted Debt which the Noteholders by Special Resolution agree ranks equally with the Notes;
- ahead of all Shortfall Debt;
- ahead of all other Permitted Debt not otherwise covered above;
- ahead of all present and future unsubordinated and unsecured debt obligations of the Company, subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law; and
- ahead of all shares

The Notes will, subject to any Shortfall Debt, generally rank behind the remaining senior secured debt, which will vary depending on the quantum of Notes raised

Pro Forma Debt Outstanding (31-Dec-20, A\$m)²



Guarantee, Collateral Securities and Security Trust Deed

Pursuant to the guarantee and indemnity contained in the Security Trust Deed, each Guarantor agrees to guarantee to the Note Trustee and the Noteholders the Company's obligations under the Trust Deed, the Note Terms and other Transaction Documents.

The Notes are secured by security granted to the Security Trustee (as security trustee under the Security Trust Deed) by the Company and the Guarantors under the terms of the Security Trust Deed and each Collateral Security.

The Security Trustee holds the rights under the Collateral Securities and the Guarantee (including the right to enforce the same), and the right to enforce the Company's obligation to pay amounts owing under or in respect of the Notes, on trust for the benefit of the Noteholders in accordance with the terms of the Security Trust Deed.

A summary of the Security Trust Deed is set out in Section 8.12 of the Prospectus.

Notes:

1. Refer to section 9.9 in the Prospectus for these definitions and for further detail regarding the ranking of the Notes.
2. Pro-forma debt outstanding at 31-Dec-20, adjusted to reflect the \$12m increase in the subordinated facility limit to 25 February 2021 and the repayment of \$6.5m equipment financing arrangements relating to the Cereals & Snacks segment. Pro Forma debt outstanding is shown before capitalised borrowing costs of \$6.5m and represents gross debt (i.e. excluding cash on hand). Pro Forma Debt outstanding is shown excluding Makewhole Amounts that might be applicable on the Notes on redemption (by the Company), maturity or default – refer to the Appendix for further details.
3. Gross senior debt excludes non-recourse off balance sheet receivable financing, which was \$52.5m as at 31 December 2020.

Key terms of restructured and new senior debt



- The existing NAB and HSBC senior secured debt facilities will be restructured (and relevant documentation amended) such that, upon Financial Close, the only remaining senior secured indebtedness will be the senior debt below (**Restructured Senior Debt**)
- The Restructured Senior Debt, following application of the proceeds of the Subscription Amounts, will be as follows:
 - \$36m undrawn revolver available to fund working capital, capital expenditure and to pay restructuring costs, and depending on the final amount raised, up to \$50m of fully drawn term debt
 - Term debt and revolver will have a tenor of 2 years, no amortisation or financial covenants, interest rate margin of 380bps
 - \$87m of equipment leasing (following the repayment of \$6.5m equipment finance relating to the Cereals & Snacks segment)¹
 - Various maturities out to 2027, with regular principal and interest repayments at an average rate of c.480bps
 - \$25m full recourse debtor finance,² of which \$12m was drawn at 31 December 2020
 - \$65m of limited recourse debtor finance³, which is not captured on the balance sheet and of which \$53m was drawn at 31 December 2020
 - Transactional facilities (up to a cap of \$7m) and amounts owed in respect of hedging agreements
- The intercreditor relationship between the Notes and Restructured Senior Debt will be governed by a new Intercreditor Deed

Notes:

1. Includes \$66m of NAB equipment financing, as well as facilities with other asset financiers
2. Full recourse debtor facilities are recognised on-balance sheet
3. Limited recourse debtor facility is recognised off-balance sheet, considered as a sale of assets under accounting policy

Sources and uses of funds

A range of scenarios are possible depending on the amount of capital raised from wholesale investors, other than Arrovest

	\$200m scenario	\$215m scenario	\$265m scenario
Sources of funds (\$m)			
Issuance of Notes to Arrovest Pty Ltd	200	200	135 ⁽¹⁾
Issuance of Notes pursuant to the Wholesale Investor Offer	-	15	130 ⁽¹⁾
Total sources of funds	200	215	265
Uses of funds (\$m)			
Repayment of debt	183	183	233
Working capital ²	7	22	22
Transaction costs	10	10	10
Total uses of funds	200	215	265

Notes:

1. Assumes maximum amount subscribed by eligible wholesale investors under the Wholesale Investor Offer and that Arrovest is scaled back to a minimum subscription of \$135m
2. In addition to the cash to balance sheet for working capital, the Company has arranged a new \$36m undrawn revolver, available to fund working capital and capital expenditure

H1 FY21 results



\$ million	H1 FY21	H1 FY20 ¹ (restated)	Change	Change (%)
Revenue	\$317.3	\$287.8	\$29.5	10
Continuing operations ²	\$291.4	\$253.2	\$38.2	15
Continuing operations adjusted EBITDA (pre-AASB 16) ³	\$21.7	(\$26.5)	\$48.2	182
Consolidated adjusted EBITDA (pre-AASB 16) ⁴	\$13.9	(\$37.0)	\$50.9	138
NPAT	(\$23.9)	(\$63.5)	\$39.8	62
Continuing operations	(\$15.2)	(\$50.2)	\$35.0	70
Earnings per share (CPS)	(8.6)	(23.2)	14.6	63

\$ million	H1 FY21	H1 FY20 ¹ (restated)	Change	Change (%)
Shareholder equity	\$38.1	\$61.0	(\$22.9)	(38)
Net debt	\$326.9	\$292.3	(\$34.6)	(12)
Net tangible assets per share (CPS)	0.94	8.75	7.81	(89)

Notes:

1. All H1 FY20 figures restated
2. Excludes Cereals & Snacks operations to be divested under a binding sale agreement with The Arnott's Group
3. Adjusted for non-trading and non-recurring items (including restructuring costs, product recall costs and unrealised foreign exchange loss), pre AASB 16. The H1 number for continuing operations adds back \$1.6m of corporate overhead allocated to Cereal & Snacks that is expected to remain with the business post divestment. This number is subject to change
4. Consolidated EBITDA including Cereals & Snacks adjusted for non-trading and non-recurring items (including restructuring costs, product recall costs and unrealised foreign exchange loss), pre AASB 16

- Total revenue from continuing operations of \$291.4m, an increase of 15% on the previous corresponding period (restated)
- Group returned to positive operating earnings, with an adjusted EBITDA from continuing operations of \$21.7m compared to a loss of \$26.5m (restated)
- Positive cash flow from operations before financing costs and non-recurring adjustments of \$4.4m, \$30.5m higher than the previous corresponding period
- Dairy and Nutritionals revenue up 15% to \$209.8m, with positive adjusted EBITDA of \$8.5m
- Plant-based Beverages revenue up 17% to \$75.2m, with adjusted EBITDA up 21% to \$15.2m
- Export revenue up 36% to \$65.5m, now 21% of overall revenue
- Statutory net loss after tax of \$23.9m, compared to a loss of \$63.5m (restated)
- H1 FY20 half results restated to reflect past accounting matters and asset impairments, in line with the restatement process undertaken for FY20 full-year result
- H1 FY21 EBITDA results should not be extrapolated into potential H2 FY21 performance, which is expected to be materially lower driven by lower volumes and revenue in the Dairy and Nutritionals segment (due to seasonal and customer factors) and as the business catches up on certain expenditure not incurred in H1 FY21
- Divestment of Cereals and Snacks on target for completion in March 2021
- Specialty Seafood division remains under review, with the immediate focus on transformation and operational initiatives within the core Dairy and Nutritionals and Plant-based Beverages businesses

No H2 FY21 guidance or financial forecasts have been provided



- The Company is facing significant volatility and uncertainty at this time due to:
 - material legal disputes;
 - the ongoing impact of COVID-19;
 - the operational turnaround of Dairy and Nutritionals segment; and
 - the ongoing volatility in AUD/USD exchange rate and dairy commodity prices
- The Company's Board and Management consider that a broad range of possible outcomes may occur in the H2 FY21 and therefore, given these factors, do not consider it appropriate to provide financial guidance or financial forecasts
- However, the Company has provided an overview of the likely key financial drivers underlying the business and directional impact on the H2 FY21
- Pro-forma financial statements have also been prepared based on the H1 FY21 accounts to show the impact of the Recapitalisation on the Company

Drivers of financial performance between H1 and H2 FY21

H1 FY21 Adjusted EBITDA from continuing operations cannot be extrapolated into potential H2 FY21 financial performance
H2 FY21 Adjusted EBITDA is expected to be materially lower

Drivers of financial performance between H1 FY21 and H2 FY21

Dairy & Nutritionals

- ↓ Purchase price variations in milk supply due to seasonality - higher fat & protein content in H2 FY21 over H1 FY21 (this is typically a non-cash impact which nets over the year)
- ↓ H2 FY21 UHT volumes expected to be lower in Asia and private label (domestic) subject to seasonality (e.g. Chinese New Year, timing of Grocery Retailers annual renegotiation) and/or COVID-19 impacts in H1 FY21
- ↓ Some pricing impacts due to FX and Lactoferrin (Lf) contract pricing stepping down
- ↓ Higher sales & marketing costs
- ↓ Higher allocation of corporate costs post cereals and snacks divestment (after cost cutting) as well as impact of new hires
- ↑ Initial impact of operational initiatives (small contribution in H2 FY21)

Plant Based Beverages

- ↔ Immaterial movement in volume and price to H1 FY21
- ↓ Higher sales and marketing costs, including cost of new field force
- ↓ Higher allocation of corporate costs post Cereals and Snacks divestment as well as impact of new hires
- ↓ Seasonality impacting plant-based demand, particularly among Out of Home (OOH) distributors (Distribution Centres loading pre-Christmas and reduced ordering during January and February)

Market forces that may impact results – COVID-19 impacts across geographies, global shipping delays and ongoing volatility in commodity prices

Company will lodge a quarterly cash statement for March quarter with ASX at the end of April, which given expected lower earnings, working capital movements and restructure costs is expected to show negative cashflow over the period

Key drivers of potential future profitability into FY22 and beyond

Operational initiatives - Transformation Program	<ul style="list-style-type: none"> ✓ Operational turnaround initiatives will be critical to improving processes at the sites, particularly at Shepparton ✓ Transformation Program was launched with Pollen Consulting engaged to help drive implementation ✓ Initiatives range from procurement savings and manufacturing efficiencies, to product mix optimisation and ingredient value recovery. Moderate capital investment will likely be required
Export market growth to support Dairy	<ul style="list-style-type: none"> ✓ Export growth expected to help drive overall volumes and will likely also require additional working capital due to export trading terms
Continued volume growth in Plant Based Beverages	<ul style="list-style-type: none"> ✓ EBITDA growth expected to be largely volume driven with key contributions from MILKLAB and plant-based Australia's Own ✓ Launch of oat products and increased investment in the field force will be important in defending market share and driving growth in existing and new channels
Brands	<ul style="list-style-type: none"> ✓ Increased investment in brand development ✓ Focused New Product Development
People & Culture	<ul style="list-style-type: none"> ✓ Continuation of cultural transformation, with supporting leadership development initiatives ✓ Increased accountability and collaboration groupwide ✓ Enhanced governance

Purpose of Pro Forma financial information

- The Pro Forma financial information set out on the following slides incorporate various adjustments to the reported 31 December 2020 half year (**H1 FY21**) results to:
 - Provide potential investors with illustrative impacts to the Company's recent results, assuming the Recapitalisation had occurred at the beginning of the reported period
 - Where relevant, remove the contribution of the Cereals & Snacks segment which has been divested post the last balance date
 - Demonstrate the impact of the Recapitalisation assuming the following scenarios:
 1. The minimum \$200m is raised under the Capital Raising, with \$183m used to repay debt
 2. The maximum \$265m is raised under the Capital Raising, with \$233m used to repay debt
 - Reflect the interest expense (Pro Forma P&L) and interest payments (Pro Forma Cashflow) that would have occurred in H1 FY21 had the post-Capital Raising capital structure been in-place (i.e. including the Notes) for the entire half year
 - The interest costs for the Notes is calculated at 8.5% p.a. payment in kind (**PIK**) consideration which equates to a Pro Forma interest expense for H1 FY21 of \$8.6m under the \$200m scenario and \$11.4m under the \$265m scenario, with no Pro Forma cash interest payments over the period
 - Remove the costs associated with the restructuring, Recapitalisation, product recall and other one-off costs incurred during the half year in order to provide a measure of underlying performance, noting that the adjustments and resulting underlying earnings cannot be extrapolated as an estimate for the potential full year performance of the group

Pro Forma P&L

AUD '000s	H1 FY21					
	Reported ¹ (continuing operations)	Adjustments ²	Recapitalisation Impact \$200m raised ³	Pro Forma Assuming \$200m raised	Recapitalisation Impact \$265m raised ⁴	Pro Forma Assuming \$265m raised
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	-	-	(8,634)	(8,634)	(2,806)	(11,441)
Other interest and finance costs	(9,713)	-	5,859	(3,854)	1,259	(2,596)
Share of profit/(losses) of associates accounted for using the equity method	279	-	-	279	-	279
Profit/(Loss) before income tax	(15,202)	14,443	(2,776)	(3,535)	(1,548)	(5,082)
EBITDA pre AASB 16 (Continuing Operations)	7,210	14,443	-	21,653	-	21,653

Basis of preparation

The Pro Forma Statement of Financial Performance 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 in the notes below) relating to the removal of costs specified in note 2 and the impact of the Recapitalisation as described in notes 3 and 4. The Pro Forma statement of financial performance does not reflect the impact of one-off transactions associated with the Offer or with the financial performance of the Group since 31 December 2020.

Notes:

1. Reflects the profit and loss from Continuing Operations (i.e. excluding any contribution from Cereals & Snacks) 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 assuming the minimum \$200m is raised under the Offer. Interest for the Notes is calculated at 8.5% p.a. payment in kind (PIK) consideration which equates to Pro Forma interest expense for the half year to 31 December 2020 of \$8.6m plus \$3.9m of interest from the remaining senior facilities
4. Reflects the Pro Forma impact on financing costs assuming the maximum \$265m is raised under the Offer. 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

Pro Forma balance sheet



	31-Dec-2020	Pro Forma Adjustments		31-Dec-2020	Pro Forma Adjustments	31-Dec-2020	Pro Forma Adjustment	31-Dec-2020
	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 Offer [4],[5]	Pro Forma (assuming \$200m raised)	Impact of the Offer [6]	Pro Forma (assuming \$265m raised)
AUD in '000s								
Current assets								
Cash and cash equivalents	24,288	12,000	11,000	47,288	6,551	53,840	15,000	68,840
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
	114,890	12,000	11,000	137,890	6,551	144,442	15,000	159,442
Assets of disposal group classified as held for sale	25,759	-	(25,759)	-	-	-	-	-
Total current assets	140,649	12,000	(14,759)	137,890	6,551	144,442	15,000	159,442
Total non-current assets	506,843	-	-	506,843	-	506,843	-	506,843
Total Assets	647,492	12,000	(14,759)	644,733	6,551	651,285	15,000	666,285
Current liabilities								
Trade and other payables	(77,314)	-	1,192	(76,122)	3,425	(72,697)	-	(72,697)
Borrowings	(326,907)	(12,000)	6,540	(332,367)	322,356	(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)
	(413,372)	(12,000)	8,175	(417,197)	325,781	(91,416)	-	(91,416)
Liabilities directly associated with assets classified as held for sale	(5,101)	-	5,101	-	-	-	-	-
Total current liabilities	(418,473)	(12,000)	13,276	(417,197)	325,781	(91,416)	-	(91,416)
Non-current liabilities								
Borrowings	-	-	-	-	(332,782)	(332,782)	(15,000)	(347,782)
Lease Liabilities	(190,431)	-	-	(190,431)	-	(190,431)	-	(190,431)
Provisions	(462)	-	-	(462)	-	(462)	-	(462)
Total non-current liabilities	(190,893)	-	-	(190,893)	(332,782)	(523,675)	(15,000)	(538,675)
Total liabilities	(609,366)	(12,000)	13,276	(608,090)	(7,001)	(615,091)	(15,000)	(630,091)
Net Assets	38,126	-	(1,482)	36,644	(450)	36,194	-	36,194
Equity								
Issued Capital	598,712	-	-	598,712	-	598,712	-	598,712
Reserves	(56,463)	-	-	(56,463)	-	(56,463)	-	(56,463)
Accumulated losses	(504,123)	-	(1,482)	(505,605)	(450)	(506,055)	-	(506,055)
Total Equity	38,126	-	(1,482)	36,644	(450)	36,194	-	36,194

Notes:

- As reported in the financial statements for the half year to 31 December 2020
- Reflects the full drawdown of the approved \$12m increase in the subordinated facility. The subordinated facility is guaranteed by entities affiliated with the major shareholder, Arrovast
- Reflects the expected gross proceeds from the sale of the Cereals & Snacks business of \$20.5m of which \$16.1m was received on 2 March 2021 with the balance of \$4.4m to be received on final completion which is due to occur by 29 March 2021 (subject to the inventory level at that date). Approximately \$3.4m of these proceeds have been used to pay transaction, restructuring and other associated costs (e.g. break fees), of which \$1.5m did not meet the definition of a liability at 31 December 2020 and accordingly were not accrued at that date. A further \$6.5m was used to payout various equipment related financing arrangements
- Reflects the minimum gross consideration raised under the Offer of \$200m less the payout of existing facilities of \$183m and associated transaction costs 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
- 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
- Reflects the maximum incremental gross consideration to be raised under the Offer of \$65m less an additional \$50m repayment of senior debt which is replaced with Notes

Basis of preparation

The Pro Forma Statement of Financial position as at 31 December 2020 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 in the notes below) relating to the additional drawdown of debt from the major shareholder, sale of the Cereals & Snacks business and the Recapitalisation.

Unless specified in the notes below no account has been made in the Pro Forma statement of financial position for the impact of trading since 31 December 2020.

Lease Liabilities totaling \$191.2m and the associated Right of Use asset totaling \$167.8m (included in non-current assets) are shown in the Statement of Financial Position reflecting the requirements of AASB16.

Pro Forma cashflow

AUD '000s	Consolidated Statutory Cash Flow [1]	Removal Cereals & Snacks [2]	Restructuring / Product recall costs [3]	Impact of revised Capital Structure [4]	Pro Forma Scenario 1 (\$200m raised)	Impact of revised Capital Structure (incremental) [5]	Pro Forma Scenario 2 (\$265m raised)
Cash flows from operating activities							
Receipts from customers (inclusive of GST)	319,076	-	-	-	-	-	-
Payments to suppliers and employees (inclusive of GST)	(314,631)	-	-	-	-	-	-
Cash flow from operations	4,445	11,759	-	-	16,204	-	16,204
Product recall related expenses paid	(2,181)	-	2,181	-	-	-	-
Payments for restructuring expenses	(8,843)	-	8,843	-	-	-	-
Interest received	-	-	-	-	-	-	-
Interest on lease liabilities paid	(5,227)	-	-	-	(5,227)	-	(5,227)
Other interest and finance costs paid	(9,694)	-	-	5,840	(3,854)	1,259	(2,596)
Net cash used in operating activities	(21,500)	11,759	11,024	5,840	7,123	1,259	8,381
Cash flows from investing activities							
Payments for property, plant and equipment	(4,477)	-	-	-	-	-	-
Payments for intangibles	(86)	-	-	-	-	-	-
Investment in equity interest	-	-	-	-	-	-	-
Net cash used in investing activities	(4,563)						
Cash flows from financing activities							
Proceeds from issue of equity instruments of the Company	-	-	-	-	-	-	-
Payment of share issue costs	-	-	-	-	-	-	-
Proceeds/(repayments) of borrowings	34,582	-	-	-	-	-	-
Lease principal payments	(1,398)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Net cash from financing activities	33,184						
Net increase/(decrease) in cash and cash equivalents	7,121						
Cash and cash equivalents at the beginning of the financial half-year	17,167						
Cash and cash equivalents at the end of the financial half-year	24,288						

Basis of preparation

The Pro Forma Statement of Cash Flows 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 in the notes below) relating to the sale of the Cereals & Snacks business, the cash impact of one off items and an estimate of the financing costs for the period had the Recapitalisation occurred on 30 June 2020. No account has been made in the Pro Forma statement of cashflows for the impact of transactions associated with the Offer or financial performance of the Group since 31 December 2020.

Notes:

- As reported in the financial statements for the half year to 31 December 2020
- Reflects the removal of the cashflows associated with the Cereals & Snacks business as reported in Note 18 of the financial statements for the half year to 31 December 2020
- Reflects the removal of the cash costs associated with the product recall, restructuring and other one-off costs paid in the half year to 31 December 2020
- Reflects the Pro Forma impact on financing costs assuming the minimum \$200m is raised under the Offer and that the interest on the Notes is Paid in Kind. The adjusted cash interest paid of \$3.9m reflects amounts payable on all borrowings other than the Notes
- Reflects the Pro Forma impact on financing costs assuming the maximum \$265m is raised under the Offer and that the interest on the Notes is Paid in Kind. The adjusted cash interest paid of \$2.6m reflects amounts payable on all borrowings other than the Notes

Pro Forma ownership outcomes (as if converted at Day-1)

	\$200m scenario		\$265m scenario (\$200m Arrovest, \$65m Wholesale)		\$265m scenario (\$135m Arrovest, \$130m Wholesale)	
	Current		Current		Current	
	# shares (m)	%	# shares (m)	%	# shares (m)	%
Arrovest	146	52.5%	146	52.5%	146	52.5%
Other existing shareholder ownership (excluding Options)	132	47.5%	132	47.5%	132	47.5%
Options	-	-	-	-	-	-
Other noteholder ownership	-	-	-	-	-	-
Total	277	100.0%	277	100.0%	277	100.0%
	Recapitalisation		Recapitalisation		Recapitalisation	
	# shares (m) ¹	%	# shares (m) ¹	%	# shares (m) ¹	%
Arrovest	286	87.5%	286	68.1%	193	46.0%
Other existing shareholder ownership (excluding Options)	-	-	-	-	-	-
Options (all exercised)	41	12.5%	41	9.7%	41	9.7%
Other noteholder ownership	-	-	93	22.1%	186	44.3%
Total	327	100.0%	419	100.0%	419	100.0%
	Pro-forma		Pro-forma		Pro-forma	
	# shares (m)	%	# shares (m)	%	# shares (m)	%
Arrovest (incl Notes on conversion)	431	71.4%	431	61.9%	338	48.6%
Other existing shareholder ownership (excluding Options)	132	21.8%	132	18.9%	132	18.9%
Options (all exercised)	41	6.8%	41	5.9%	41	5.9%
Other noteholder ownership	-	-	93	13.3%	186	26.7%
Total	604	100.0%	696	100.0%	696	100.0%
Total existing equity (after conversion of Notes, exercise of Options)	318	52.7%	318	45.6%	318	45.6%
Total noteholder ownership (after conversion of Notes, exercise of Options)	286	47.3%	379	54.4%	379	54.4%
Arrovest ownership (after conversion of Notes, excluding Options)	431	76.6%	431	65.8%	338	51.6%

Notes: Ownership impacts on conversion may vary further to the extent that interest is capitalised into the Notes (and not paid) prior to conversion. Refer to slide 55 for the maximum possible dilution, assuming interest is capitalised at the maximum interest rate (i.e. 8.5% PIK for the first 30 months and 5.0% Cash/3.5% PIK thereafter) over the term of the Notes
1. # shares (m) assuming conversion of Notes and Options exercised.

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Related party policy

The Board has related party protocols in place to manage potential conflicts of interest

Overview of related party arrangements¹

The Company has the following related party arrangements in place with entities affiliated with the Perich family:

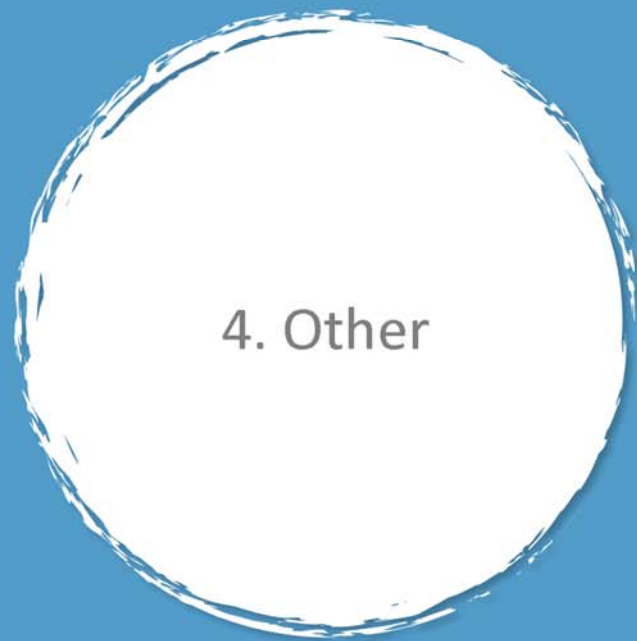
- Ingleburn lease
- Shepparton lease
- Sale and Lease for hire of certain racking equipment at Shepparton
- Taren Point corporate office lease
- Purchase of milk from Australian Fresh Milk Holdings Pty Ltd (owned as to 37.2% by the Perich family)
- Limited director indemnity from Leppington Pastoral Company Pty Ltd to supplement shortfall in D&O insurance

Amendment to recent related party arrangements²

- In light of the Company's financial position, the Perich family have agreed to an out-of-cycle amendment to rental rates on one of the leased properties, providing
 - Annual rental savings of c.\$1.0 million
 - Annual CPI escalator reduced from 4% to 3%
- A review of the AFMH arrangements were undertaken by an independent party. The contract is strategically important providing milk supply certainty for the group throughout the year. Consistent with its broader milk supply strategy, the Company will manage its milk supply cost consistent with its needs
 - The review determined the contract to be at market

Notes:

1. Michael Perich has resigned as a director from all Perich related parties which conduct business with Freedom, except Arrovest
2. The impact of these changes has not been included in the pro forma financial information presented on slides 40-42



Summary of key risks

Outlined below are some of the key risks associated with an investment in the Notes, many of which are outside the control of the Company.

Before applying for any Notes under the Prospectus, Eligible Investors should read the Prospectus in full, seek professional guidance and consider the suitability of an investment in the Notes for their particular circumstances. The key risks outlined in this presentation are not exhaustive and are in summary form only. For a full list of risk factors associated with an investment in the Notes, see Section 7 of the Prospectus.

Key risk	Overview
KEY RISKS ASSOCIATED WITH THE COMPANY	
Going concern	Failure to complete the Capital Raising by raising the minimum amount of \$200 million may result in the Company no longer being able to continue as a going concern. Whilst the Company considers that completion of the Capital Raising will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Investors to other risks set out in Section 7 of the Prospectus which may impact the Company's ability to continue as a going concern.
Litigation	<p>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 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>
Blue Diamond dispute	<p>As set out in Section 8.29 of the Prospectus, Freedom Foods Pty Ltd (FFPL) and certain other Subsidiaries of the Company are parties to proceedings with Blue Diamond, a contractual supplier.</p> <p>These proceedings have the potential to materially and adversely impact the Company's financial and operating performance.</p>
Regulatory investigations and reviews	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.
Company's growth strategies may not achieve their objectives	There is a risk that the implementation of the Company's growth strategies could be subject to delays or cost overruns.
Failure to achieve turnaround 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.

Summary of key risks (continued)

Key risk	Overview
Manufacturing disruption	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.
Workplace health and safety	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.
Competition	<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>
Changing consumer preferences in competitive markets	Consumer tastes and buying preferences in relation to the Company's products are constantly changing. 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 Company's operations, Note price 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.
Inventory management	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.
Quality and food safety	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.
Key personnel	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.
Culture and talent	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.
Failure of internal risk controls	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.
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.
Exchange rate	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.
Access to financial resources	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.
Leverage and debt arrangements	As at the date of this Prospectus, the Company has debt owing to its senior lenders with an approximate value of \$332 million and these parties have a senior secured position over certain assets of the Company and the Group. While the proceeds of the Capital Raising will be 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.

Summary of key risks (continued)

Key risk	Overview
Other Company specific risks in relation to its business and operations	<p>The Company is exposed to other further specific risks relating to its business and operations including:</p> <ul style="list-style-type: none"> ▪ intellectual property; ▪ reputation and brand names; ▪ new products and innovations; ▪ relationships with suppliers; ▪ finished goods and raw material price changes; ▪ product liability and compliance; ▪ supply chain; ▪ insurance; ▪ delisting of a significant number of product lines by a major customer; ▪ divestment of non-core assets; ▪ divestment of its cereals and snacks business; ▪ suspension of the Company's shares and reinstatement to ASX; ▪ additional funding; ▪ doing business in export markets; ▪ the Australia-China trade relations; ▪ animal welfare; ▪ environment; ▪ climate change; ▪ failure in information, technology and communication systems; ▪ taxation implications; and ▪ change in laws, regulations and policies.

Summary of key risks (continued)

Key risk	Overview
KEY RISKS ASSOCIATED WITH THE CAPITAL RAISING	
Dilution for shareholders	The Company will issue Shares to Noteholders upon Conversion of the Notes as set out in the Prospectus. The issue of Shares will dilute the interests of existing Shareholders to differing extents depending on the participation of Eligible Shareholders in the Wholesale Investor Offer
Conditions to Arrovest's participation under the Commitment Letter	A failure to satisfy any one of the conditions under the Arrovest Commitment Letter may result in Arrovest withdrawing its support for the Capital Raising. Such an outcome would adversely impact the Company's ability to meet its objectives under the Recapitalisation and would likely result in the Company withdrawing the Capital Raising in its entirety and may impact its ability to continue as a going concern
General risks	The above risks are not an exhaustive list of the potential risks faced by Noteholders 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 7 of the Prospectus before deciding to invest in the Notes

Summary of key risks (continued)

Key risk	Overview
KEY RISKS ASSOCIATED WITH INVESTING IN THE NOTES	
Investment in the Notes are an investment in the Company	Investment in the Notes may be affected by the ongoing performance, financial position and solvency of the Company and its Subsidiaries.
Suitability	The Notes are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the risks of investing in the Notes and consider whether it is an appropriate investment for your particular circumstances.
Liquidity of the Notes	There will be no direct market on the ASX or other securities exchange on which to sell the Notes.
Cash-Settled Conversion Right	The Notes will only be capable of being Cash-Settled until the Shareholder Approvals have been obtained. There is a risk that the Notes may never be capable of being convertible into cash.
Market price and liquidity of Shares	Any volatility in the market price of the Shares may cause volatility in the price of the Notes and may affect your ability to sell your Notes at all, or at an acceptable price. In addition, if Noteholders receive any Shares following Conversion, Noteholders 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.
Interest payments	The Company is required to pay Interest on the Notes, which it may choose to pay in cash or 'in-kind'. The Company's decision will depend on its ability to generate sufficient cash flow from operations, which will depend substantially on the Company's ability to maintain its position within the competitive market in which it operates. The Company's ability to exercise its discretion to pay interest on the Notes in cash will also be subject to the Intercreditor Deed (which restricts cash payments to Noteholders whilst an enforcement action is being undertaken).
Interest rate risk	The interest rate payable will be fixed by reference to the agreed percentages set out in Section 9.13 of the Prospectus (which will be reduced if the Company has issued a Relevant Disputes Notice). The market price of the Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards the Company.
Limited circumstances for Redemption of Notes and cash payment	The Notes may or must be Redeemed in certain circumstances. The amount payable on Redemption will depend on the time and circumstances under which the Notes are Redeemed and may be less than the previously prevailing market value of the Notes. In the event of an early Redemption of Notes, you may not receive the returns you expected to achieve on your Notes. The Company may have insufficient cash to Redeem the Notes in accordance with the terms of the Notes.
The Notes are subject to changes of law	The Note 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.
Security subordinated to Senior Financiers	The Company's payment obligations under the Notes rank in priority behind, and are subordinated to, its payment of Priority Permitted Debt, and any other payment obligations preferred by law. The indebtedness of the Company in respect of the Notes may not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Notes, and may not be satisfied in full unless the Company can also satisfy in full all of its other obligations ranking equally with the Notes.
Enforcement risk and intercreditor arrangements	Rights under the Trust Deed may generally only be enforced by the Trustee and/or the Security Trustee (as applicable) and not by the Noteholders directly. The number of Noteholders required to enforce the Note Terms upon the occurrence of specified Events of Default is detailed in Section 9.41 of the Prospectus. In all cases, enforcement by the Trustee and the Security Trustee is subject to the Intercreditor Deed.
Ranking in a Winding Up	If the Company is wound up, and assuming the Notes have not been Converted or Redeemed, Noteholders will rank behind the Company's Priority Permitted Debt and those mandatorily preferred at law in right of payment, but ahead of all Shortfall Debt, unsecured creditors of the Company and Shareholders. Noteholders may not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest and any other unpaid amounts owing. If the Notes have been Converted, the Noteholders will hold Shares and rank equally with other holders of Shares in a Winding Up.

Summary of key risks (continued)

Key risk	Overview
KEY RISKS ASSOCIATED WITH INVESTING IN THE NOTES	
Conversion events	The Company has an obligation to Convert the Notes upon the occurrence of certain events. The Notes may be Converted into Shares or may only be capable of being Cash-Settled if the Shareholder Approvals are not obtained. These Conversion events may be disadvantageous to Noteholders and may not coincide with their intended investment outcomes.
Future dividends and franking	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. No assurance in relation to the future payment or franking of dividends can be given by the Company.
Further issues of securities and dilution	The Notes 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 Notes.
Certain initial investors may potentially be able to exercise certain rights and powers on their own	Arrovest will subscribe for a significant portion of the Notes – up to 200 million Notes. Any Noteholder holding a significant percentage of the aggregate principal amount of the Notes may be able to exercise certain rights and powers and will have a significant influence on matters voted on by Noteholders.
Arrovest's participation and the potential effect on control	Arrovest's participation in the Capital Raising, and the Conversion of the Notes issued to it, will have significant impacts on the Company's capital structure and dilute current Shareholders.
Inflation rate risk	An increase in the inflation rate may erode in real terms the value of the capital invested in the Notes.
Change in the Australian tax system	Any future change in Australian tax law may affect the taxation treatment of the acquisition, holding and disposal of Notes and the market price of the Notes.
Change in Australian Accounting Standards	New, or amendments to existing, accounting standards may affect the reported earnings and financial position of the Company in future financial periods. This may adversely affect the ability of the Company to pay interest on the Notes.
Review of accounting procedures	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 ensure the accuracy of the Company's financial reporting.
Shareholder limits	Various laws may restrict the number of Shares that any person may hold. Noteholders should take care to ensure that their holding of the Notes (and any Shares that they could be Converted for) do not breach any applicable restrictions on ownership.
Amendment to Note Terms and Trust Deed	A Modification to the Trust Deed and/or Note Terms may not require Noteholder consent. If the Modification relates to an extension of the Maturity Date or reduction to payment amounts in respect of the Notes, a Super Resolution is required.

Material litigation and investigations

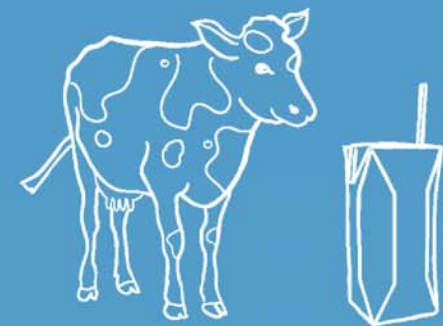
Overview

Material litigation and investigations

- **Blue Diamond dispute:** Freedom Foods Pty Ltd (FFPL) and certain other Subsidiaries of the Company are parties to proceedings with Blue Diamond, a contractual supplier. The subject matter of the dispute involves matters which are material to Freedom Foods Group, including whether the manufacture and sale of Freedom Foods Group's MILKLAB almond milk products breaches restraints in an agreement with Blue Diamond. Details of the Blue Diamond dispute are set out in Section 8.29 of the Prospectus. A summary of the material risks associated with the Blue Diamond dispute are set out in Section 7.3 of the Prospectus
- **Class actions:** Two shareholder class actions have been lodged against the Company. Those claims allege that the Company failed to comply with its continuous 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. Further class actions may be brought against the Company. Details of the shareholder class actions are set out in Section 8.30 of the Prospectus. A summary of the material risks associated with the class actions are set out in Section 7.3 of the Prospectus
- **ASIC investigations:** ASIC has commenced an investigation in relation to suspected contraventions of certain sections of the Corporations Act (including continuous disclosure and financial reporting obligations) by the Company and the officers and directors of the Company between 1 July 2014 and 30 June 2020. Details of the ASIC investigations are set out in Section 8.31 of the Prospectus. A summary of the material risks associated with the ASIC investigations are set out in Section 7.3 of the Prospectus

APPENDIX

freedom GROUP
Making food better **FOODS** LIMITED



Convertible note values

	\$200m scenario	\$265m scenario (\$200m Arrovest, \$65m Wholesale)	\$265m scenario (\$135m Arrovest, \$130m Wholesale)
Aggregate Face Value of Notes	200	265	265
Maximum PIK interest (first 30 months) (8.5% p.a., accrued quarterly)	47	62	62
Maximum PIK interest (month 31 to 36) (3.5% p.a., accrued quarterly)	4	6	6
Aggregate Face Value of Notes - Year 3	251	333	333
Maximum PIK interest (month 37 to 72) (3.5% p.a., accrued quarterly)	28	37	37
Aggregate Face Value of Notes - Year 6	279	369	369
Makewhole (day-1) (x)	1.75x	1.75x	1.75x
Makewhole (day-1) (\$m)	350	464	464
Makewhole (year 3) (x)	1.85x	1.85x	1.85x
Makewhole (year 3) (\$m)	370	490	490
Makewhole (year 6) (x)	2.30x	2.30x	2.30x
Makewhole (year 6) (\$m)	460	610	610

Pro Forma ownership outcomes (as if converted at end of Year 3)

	\$200m scenario		\$265m scenario (\$200m Arrovest, \$65m Wholesale)		\$265m scenario (\$135m Arrovest, \$130m Wholesale)	
	Current		Current		Current	
	# shares (m)	%	# shares (m)	%	# shares (m)	%
Arrovest	146	52.5%	146	52.5%	146	52.5%
Other existing shareholder ownership (excluding Options)	132	47.5%	132	47.5%	132	47.5%
Options	-	-	-	-	-	-
Other noteholder ownership	-	-	-	-	-	-
Total	277	100.0%	277	100.0%	277	100.0%
	Recapitalisation		Recapitalisation		Recapitalisation	
	# shares (m) ¹	%	# shares (m) ¹	%	# shares (m) ¹	%
Arrovest	359	89.8%	359	69.5%	242	46.9%
Other existing shareholder ownership (excluding Options)	-	-	-	-	-	-
Options (all exercised)	41	10.2%	41	7.9%	41	7.9%
Other noteholder ownership	-	-	117	22.6%	233	45.2%
Total	400	100.0%	516	100.0%	516	100.0%
	Pro-forma		Pro-forma		Pro-forma	
	# shares (m)	%	# shares (m)	%	# shares (m)	%
Arrovest (incl Notes on conversion)	504	74.5%	504	63.6%	388	48.9%
Other existing shareholder ownership (excluding Options)	132	19.4%	132	16.6%	132	16.6%
Options (all exercised)	41	6.0%	41	5.1%	41	5.1%
Other noteholder ownership	-	-	117	14.7%	233	29.4%
Total	677	100.0%	793	100.0%	793	100.0%
Total existing equity (after conversion of Notes, exercise of Options)	318	47.0%	318	40.1%	318	40.1%
Total noteholder ownership (after conversion of Notes, exercise of Options)	359	53.0%	475	59.9%	475	59.9%
Arrovest ownership (after conversion of Notes, excluding Options)	504	79.3%	504	67.0%	388	51.5%

Notes:

1. # shares (m) assuming conversion of Notes and Options exercised

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Pro Forma ownership outcomes (maximum dilution as converted Maturity)

	\$200m scenario		\$265m scenario (\$200m Arrovest, \$65m Wholesale)		\$265m scenario (\$135m Arrovest, \$130m Wholesale)	
	Current		Current		Current	
	# shares (m)	%	# shares (m)	%	# shares (m)	%
Arrovest	146	52.5%	146	52.5%	146	52.5%
Other existing shareholder ownership (excluding Options)	132	47.5%	132	47.5%	132	47.5%
Options	-	-	-	-	-	-
Other noteholder ownership	-	-	-	-	-	-
Total	277	100.0%	277	100.0%	277	100.0%
	Recapitalisation		Recapitalisation		Recapitalisation	
	# shares (m) ¹	%	# shares (m) ¹	%	# shares (m) ¹	%
Arrovest	398	90.7%	398	70.1%	269	47.3%
Other existing shareholder ownership (excluding Options)	-	-	-	-	-	-
Options (all exercised)	41	9.3%	41	7.2%	41	7.2%
Other noteholder ownership	-	-	129	22.8%	259	45.5%
Total	439	100.0%	569	100.0%	569	100.0%
	Pro-forma		Pro-forma		Pro-forma	
	# shares (m)	%	# shares (m)	%	# shares (m)	%
Arrovest (incl Notes on conversion)	544	75.9%	544	64.3%	414	49.0%
Other existing shareholder ownership (excluding Options)	132	18.4%	132	15.6%	132	15.6%
Options (all exercised)	41	5.7%	41	4.8%	41	4.8%
Other noteholder ownership	-	-	129	15.3%	259	30.6%
Total	716	100.0%	846	100.0%	846	100.0%
Total existing equity (after conversion of Notes, exercise of Options)	318	44.4%	318	37.6%	318	37.6%
Total noteholder ownership (after conversion of Notes, exercise of Options)	398	55.6%	528	62.4%	528	62.4%
Arrovest ownership (after conversion of Notes, excluding Options)	544	80.5%	544	67.6%	414	51.5%

Notes:

1. # shares (m) assuming conversion of Notes and Options exercised

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International Offer Restrictions

This presentation does not constitute an offer of Notes and Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the Notes and Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the Notes and the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to Notes and the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes and the Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Notes and the Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The Notes and the Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

United States

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Notes and the Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Notes and the 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.

The Notes and the Shares will only be offered and sold in the United States to:

- institutional accredited investors (as defined in Rule 501(a)(1), (2), (3) and (7) under the US Securities Act); and
- dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

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International Offer Restrictions (continued)

Singapore

This presentation and any other materials relating to the Notes and Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes and Shares, may not be issued, circulated or distributed, nor may the Notes and Shares 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 presentation has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

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

United Kingdom

Neither this presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Notes and Shares.

The Notes and Shares may not be offered or sold in the United Kingdom by means of this presentation or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This presentation is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This presentation may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Notes and Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this presentation relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this presentation.



5 The Company and the Capital Raising

5.1 Board of Directors

The Board's role is to govern rather than manage the Company and it does this by providing leadership for and supervision of the Company's Executive Management. Further information on the role and responsibilities of the Board is set out in the Company's Board Charter (a copy of which can be obtained at <https://ffgl.com.au/investors-and-media/corporate-governance/>). The Directors of the Company bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out below.

Name / Role	Description	Committee Membership
Genevieve Gregor Chair and Non-Executive Director (Independent)	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 Asia 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 investments. 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 Australia Limited. Genevieve was until recently the Deputy Chancellor of Western Sydney University, Chair and of the Finance and Investment Committee and Trustee at WSU for more than 10 years.	Member of all committees of the Board
Tony Perich AM Deputy Chairman and Non-Executive Director	Tony is a Member of the Order of Australia. He is joint Managing Director of Arrovest Pty Ltd, Leppington Pastoral Co Pty Ltd, one of Australia's largest dairy producers, and various other entities associated with Perich Enterprises Pty Ltd. He is also a property developer, farmer and business entrepreneur. Outside of the Perich Group, Tony holds a number of other directorships including Greenfields Narellan Holdings, Breeders Choice Woodshavings Pty Ltd, and Ingham Institute for Applied Medical Research. Memberships include Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of	Member of the Risk and Compliance Committee

	Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and past President of Dairy Research at Sydney University. He was appointed as a Director in July 2006.	
Jane McKellar Non-Executive Director (Independent)	<p>Jane is an experienced non-executive director in both public and private companies in Australia and the US. 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 Australia. She has held senior roles in Unilever, Microsoft, Elizabeth Arden and Stila Corporation and she has extensive global experience, particularly in Asia, Europe and North America. Her key contributions are in customer and consumer-focused business transformation, harnessing digital, technology, brand and marketing to enhance business performance. Jane is currently on the board of ASX-listed GWA Group and McPhersons and she also sits on the board of the NRMA.</p>	<p>Chair of the People and Culture Committee</p> <p>Member of all committees of the Board</p>
Timothy Bryan Non-Executive Director (Non-Independent)	<p>Tim is 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, Tim holds a number of other directorships, which includes Kids of Macarthur Health Foundation and Ingham Institute for Applied Medical Research, where he also chairs the finance and audit committee.</p>	<p>Chair of the Risk and Compliance Committee</p> <p>Member of all committees of the Board</p>
Stuart Black AM Non-Executive Director (Independent) <i>(Appointment effective on 22 March 2021)</i>	<p>Stuart is a Chartered Accountant with extensive experience in agribusiness. He retired in 2013 as managing partner of a practice specialising in agribusiness. Stuart has over twenty years' experience as an ASX non-executive director and currently sits on the boards of Australian Agricultural Company Limited and Palla Pharma Limited.</p> <p>Stuart is a Past President of the Institute of Chartered Accountants of Australia. He was the inaugural Chair and a past board member of the Accounting Professional and Ethics Standards Board and served as the Australian representative on the International Federation of Accountants SMP Committee. Stuart is former Chair of the Chartered Accountants Benevolent</p>	<p>Chair of the Finance and Audit Committee</p> <p>Member of the Risk and Compliance Committee</p> <p><i>(Appointment effective on 22 March 2021)</i></p>

	<p>Fund Limited and a former director of the Country Education Foundation of Australia Limited.</p> <p>In 2012, Stuart was appointed a Member of the Order of Australia for services to the profession of accounting, to ethical standards, as a contributor to professional organisations and to the community.</p> <p>Former listed company directorships within the past three years: non-executive director of NetComm Wireless Limited (appointed in 2013 and resigned in 2019).</p>	
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5.2 Executive Management team

The Company's key executives as at the date of this Prospectus are as follows:

Name / Role	Description
Michael Perich Chief Executive Officer	<p>Michael has enjoyed a 25-year career in the agribusiness sector, most recently as director of dairy farm operations at the diversified farming business Leppington Pastoral Company and joint managing director of Australian Fresh Milk Holdings, a significant dairy joint venture in NSW and Victoria. He holds a Bachelor of Applied Sciences, majoring in Agriculture from the University of Western Sydney.</p> <p>Michael is also a director of Arrovest Pty Ltd and various other entities associated with Perich Enterprises Pty Limited. Michael is a former director of Contract Beverages Packers of Australia Pty Limited, a joint venture controlled equally by the Company and Arrovest. Michael is also a former director of Leppington Pastoral Co Pty Ltd and Perich Property Holdings Pty Ltd. Michael is a graduate Member of the Australian Institute of Company Directors post nominals. He was appointed as an Alternative Director in March 2009. In August 2020 was appointed the interim Chief Executive Officer and on 19 March 2021 was appointed to the role in a permanent capacity.</p>
Josée Lemoine Chief Financial Officer	<p>Josée joined the Company in December 2020 and was appointed Chief Financial Officer on 19 February 2021. She was previously CFO of InvoCare (ASX listed). Prior to this she held senior finance roles with Telstra, Rio Tinto, Fairfax, Boral and Arnott's. She commenced her career in the audit practice of KPMG, where she spent six years working across Canada, New Zealand and Hungary.</p>
Stuart Muir Chief Operations Officer	<p>Stuart will join the Company in April 2021 as Chief Operations Officer. Stuart is a senior operations executive with extensive dairy, FMCG and food manufacturing experience. His background spans end-to-end supply chain management and is a proven leader of large multi-functional teams covering manufacturing, safety, logistics, environment, quality, research and development. Stuart has had an extensive career in both Unilever and most recently as</p>

	Director of Supply Chain, Quality and Research & Development at Lion Dairy and Drinks.
Justin Coss Group General Counsel and Co-Company Secretary	Justin joined the Company in November 2020. Justin started his legal career with Minter Ellison before relocating to the United Kingdom to take up a role with London-based law firm Ince & Co. Returning to Australia with Allens Linklaters, Justin then moved to in-house roles and in 2015 took up the position of Group General Counsel and Company Secretary at financial services company AUB Group Limited (ASX:AUB). More recently Justin was Interim Group General Counsel and Company Secretary of Super Retail Group Limited (ASX:SUL). He is a fellow of the Governance Institute of Australia and is the current President and Chair of the Board of the Association of Corporate Counsel.
Scott Standen Co-Company Secretary	<p>Scott was appointed as Company Secretary from 13 July 2020. Scott is a founder and Director of GRT Lawyers and GRT Foundation and his career spans more than 20 years as a corporate lawyer. He advises on public equity markets transactions, corporate governance and advisory, regulatory compliance, public and private M&A transactions, contract negotiation and directors' duties and liabilities.</p> <p>Scott holds a Bachelor of Law, Masters of Law and Masters of Business Administration. Scott has previously held positions as a Director on the Boards of the Queensland Manufactured Water Authority (and related entities) and the Queensland Bulk Water Authority (and related entities).</p>

5.3 Board changes

On 19 March 2021, the Company announced that Stuart Black AM would join its Board as an independent non-executive Director effective from 22 March 2021. Stuart will also be appointed as Chair of the Finance and Audit Committee and a member of the Risk and Compliance Committee. Stuart is an experienced non-executive director in both public and private companies, including companies in the agribusiness sector.

5.4 Further information concerning the Company

This Prospectus is 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*. It is a transaction-specific prospectus and, as such, it does not contain the same level of disclosure as an initial public offering prospectus.

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.

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

Investors requiring further information about the Company or who may wish to view a record of the Company's announcements to ASX may do so by visiting the Company's

website (www.ffgl.com.au) or from the ASX website (www.asx.com.au). This Prospectus is intended to be read in conjunction with all information concerning the Company which has been previously publicly disclosed by the Company.

For further information on the announcements made by the Company to ASX, refer to Section 8.2.

5.5 Purpose and effect of the Capital Raising on the Company

Purpose of the Capital Raising and use of proceeds is to repay the Company's senior secured debt with more flexible subordinated secured debt and increase the liquidity available to the Company to undertake the operational and financial turnaround and pay for fees and expenses associated with the Capital Raising. The senior debt requires cash payment of interest. The Notes are more flexible and allow the Company to make pay-if-you-can (PIYC) interest payments. If there is insufficient cash available to pay the Interest on the Notes, the unpaid Interest will be capitalised. The Company is currently operating under a standstill with its Senior Financiers and this Capital Raising and reduction in senior debt will allow those standstill arrangements to end, and the Company to operate under the usual terms of its senior debt.

The Company is seeking to raise up to \$265 million from the Capital Raising, of which Arrovest has committed to subscribe for \$200 million under the Placement (subject to a scale back depending on the level of participation under the Wholesale Investor Offer). The Company is seeking to raise up to \$130 million from the Wholesale Investor Offer.

The proceeds of the Capital Raising will enable the Company to:

- (a) repay between \$183 million and \$233 million of its existing debt, consistent with the requirements of the Company's existing financiers;
- (b) provide a more flexible capital structure that will better facilitate the ongoing financial and operational turnaround of the Company; and
- (c) provide incremental capital to support the Company's turnaround strategy.

Sources and uses of funds

It is the current intention of the Board that if only \$200 million is raised under the Capital Raising (based on Arrovest's commitment pursuant to the Arrovest Commitment Letter), the proceeds will be used as follows:

Sources (\$m)		Uses (\$m)	
Placement	\$200 million	Repayment of senior debt	\$126 million
		Repayment of subordinated debt	\$57 million
		Working capital	\$7 million
		Transaction costs	\$10 million
Total sources	\$200 million	Total uses	\$200 million

* A new revolving credit facility of A\$36 million will be made available by the Senior Financiers.

It is the current intention of the Board that if the Company raises the maximum amount of \$265 million sought under the Capital Raising, the proceeds will be used as follows:

Sources (\$m)		Uses (\$m)	
Capital Raising (including both the Placement and the Wholesale Investor Offer)	\$265 million	Repayment of senior debt	\$176 million
		Repayment of subordinated debt	\$57 million
		Working capital	\$22 million
		Transaction costs	\$10 million
Total sources	\$265 million	Total uses	\$265 million

** A new revolving credit facility of \$36 million AUD will be made available by the Company's Senior Financiers.*

To the extent that the Company raises funds pursuant to the Capital Raising in addition to the \$200 million commitment from Arrovest, the first \$15 million raised above \$200 million will be applied towards the Company's balance sheet for working capital purposes. The balance of any funds raised will be utilised to further repay the Company's term debt to the Senior Financiers.

Effect of the Capital Raising on the capital structure

The maximum effect of the 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.

For the purpose of the following table, it is assumed that:

- (a) up to 265 million Notes are issued under the Capital Raising (being the maximum number of Notes that may be issued under the Capital Raising);
- (b) all of the Notes are converted into Shares;
- (c) all Shareholder Approvals, as described in Section 5.6, are obtained to allow the Notes to be Converted to Shares;
- (d) the Notes are Converted at the Maturity Date and all Interest has been capitalised;
- (e) no Notes are repurchased and/or cancelled prior to the Maturity Date;
- (f) there is no reorganisation, share split, consolidation, bonus-issue, buy-back, merger or other reorganisation event (and, as a result, no adjustment in the Conversion Price is required or made under the Note Terms); and
- (g) no other issues of Shares or securities convertible into Shares take place in the period prior to the Maturity Date.

The Investor Presentation in Section 4 also sets out a number of different scenarios which demonstrates the effect of the Capital Raising on the Company's capital structure under those scenarios.

	Shares	Convertible redeemable preference shares	Notes
Existing securities as at date of Prospectus	277,109,319	101,130	-
New securities issued under Capital Raising	-	-	Up to 265,000,000
Total securities on issue following completion of the Capital Raising and Conversion of all Notes to Shares at the Maturity Date ¹	675,420, 259 (\$200m raising)	101,130	-
	804,871,314 (\$265m raising)		

Note 1: Assumes that the Notes are Converted at the Maturity Date and any Interest payable on those Notes is capitalised at the PIK Interest rate of 8.5% per annum for the first 30 months, followed by Partial Cash Interest of 5.0% per annum and a PIK Interest rate of 3.5% per annum until the Maturity Date. In addition, as noted in Section 8.16, the Company intends to issue approximately 40.8 million Options to Shareholders subject to the Shareholder Approvals being obtained. The Company has not yet decided when the Options will be issued. The maximum number of Shares that will be issued upon the exercise of the Options is approximately 40,816,326 Shares.

Effect of the Capital Raising and Arrovest control implications

Arrovest is the majority Shareholder of the Company, holding approximately 52.5% of the Shares currently on issue. Under the Placement, Arrovest may acquire up to 200 million in Notes which, if Converted into Shares, may materially increase Arrovest's shareholding in the Company.

The exact effect on control depends upon the extent to which Eligible Investors take up Notes under the Wholesale Investor Offer. Depending on the extent to which Eligible Investors apply for Notes under the Wholesale Investor Offer, the dilutive and control effects of the Placement will differ. Please see Section 8.6 for a summary of the Arrovest Commitment Letter.

Furthermore, Shareholders who are Ineligible Investors (noting the Wholesale Investor Offer is not open to retail investors), or who do not participate in the Wholesale Investor Offer, will be diluted by the Wholesale Investor Offer upon Conversion of the Notes.

The table below sets out the maximum number of Notes that Arrovest could acquire under the Placement and the effect on the voting power of the Company if those Notes are Converted in three scenarios:

- (a) where there is no participation by Eligible Investors under the Wholesale Investor Offer and Arrovest subscribes for \$200 million of Notes under the Placement;
- (b) where Eligible Investors subscribe for \$65 million of Notes under the Wholesale Investor Offer and Arrovest subscribes for \$200 million of Notes under the Placement; and
- (c) where Eligible Investors subscribe for \$130 million of Notes under the Wholesale Investor Offer and Arrovest's investment is scaled back to \$135 million under the Placement.

In each of the three scenarios identified above, the table assumes that the Notes are Converted at the Maturity Date and any Interest payable on those Notes is capitalised at the PIK Interest rate of 8.5% per annum for the first 30 months, followed by Partial Cash

Interest of 5.0% per annum and a PIK Interest rate of 3.5% per annum until the Maturity Date. The numbers shown below do not take into account the potential dilutionary effect arising from the intended issue approximately 40.8 million Options, described in Section 8.16.

	\$200m to Arrovest	\$200m to Arrovest, \$65m to Eligible Investors	\$135m to Arrovest, \$130m to Eligible Investors
Shares held by Arrovest prior to the Capital Raising	145,556,000	145,556,000	145,556,000
Shares issued to Arrovest upon Conversion of the Notes at the Maturity Date	398,310,940	398,310,940	268,859,884
Pro forma shares held by Arrovest upon Conversion of the Notes at the Maturity Date	543,866,940	543,866,940	414,415,884
Pro Forma shares on issue Conversion of the Notes at the Maturity Date	675,420,259	804,871,314	804,871,314
Voting power (%) in respect of matters requiring Noteholder approval	100%	75.5%	50.9%
Voting power (%) in Shares prior to conversion of Notes by Arrovest	52.5%	52.5%	52.5%
Voting power (%) in Shares following conversion of the Notes by Arrovest at the Maturity Date	80.5%	67.6%	51.5%

5.6 Summary of Shareholder Approvals in relation to Capital Raising

The Company is proposing to hold an Extraordinary General Meeting of its Shareholders to seek a number of approvals from Shareholders in relation to the Recapitalisation. It is expected the Extraordinary General Meeting will be held in the week beginning 17 May 2021.

The Shareholder Approvals expected to be sought will include the following:

- (a) approval under Listing Rule 7.1 to approve the issue of the Notes to Eligible Investors under the Wholesale Investor Offer;
- (b) approval under Listing Rule 7.1 to approve the issue of the Options;
- (c) approval under Listing Rule 10.11 to issue the Notes to Arrovest under the Placement;
- (d) approval under Listing Rule 10.11 to allow Directors to participate in the Wholesale Investor Offer; and
- (e) approval under item 7 of section 611 of the Corporations Act to permit Arrovest to convert its Notes to Shares in excess of the 20% threshold under section 606 of the Corporations Act,

(together, the **Shareholder Approvals**).

The Company will separately lodge with ASX a notice of meeting and explanatory statement in relation to the Shareholder Approvals being sought, which will include an independent expert's report.

The outcome of the Extraordinary General Meeting will determine whether the Notes may be Converted into Shares or whether they may only be Cash-Settled (see Section 9). In particular, if the Shareholder Approvals are obtained, Noteholders will be able to Convert the Notes to Shares. If the Shareholder Approvals are not obtained, the Company will issue the Notes with a Cash-Settled Conversion Right. These Notes will not be capable of being Converted into Shares unless and until Shareholder approval is obtained in the future. See Sections 9.17 and 9.18 in relation to the Cash-Settled Conversion Right.

5.7 Financial information

The Investor Presentation in Section 4 contains the pro forma financial information for the Company and the effect of the Recapitalisation. All information presented in Section 4 should be read in conjunction with the Company's financial report for the half-year ended 31 December 2020 and quarterly activity report for the quarter ended 31 December 2020 released to ASX on 1 March 2021 and the remainder of this Prospectus, including the description of the use and proceeds of the Capital Raising described in Sections 2.3 and 5.5, the indicative capital structure in Section 5.5 and the risk factors outlined in Section 7.

The financial information has been prepared on the basis of the Accounting Policies adopted by the Company and set out in the FY20 Annual Report and should be read in conjunction with the accompanying notes set out in Section 4.

In addition, the Company is required to lodge a quarterly cashflow statement and quarterly activity statement for the period ended 31 March 2021 during the Offer Period. Eligible Investors are advised to take these statements into account, when made available, before deciding whether to invest in the Company.

6 Australian Taxation Implications

The following is a summary of the Australian tax implications for certain Noteholders who subscribe for the Notes under the Capital Raising and who hold Notes and Shares acquired on Conversion of Notes on capital account for Australian tax purposes.

This summary does not consider the tax consequences for Noteholders who:

- (a) acquire the Notes otherwise than under the Capital Raising;
- (b) are not Australian tax residents other than in relation to Interest payments;
- (c) hold their Notes and Shares acquired on Conversion of Notes on revenue account;
- (d) carry on a business of trading in shares or securities;
- (e) are exempt from Australian tax;
- (f) are subject to Division 230 of the *Income Tax Assessment Act 1997* (**1997 Act**) (the **Taxation of Financial Arrangements** or **TOFA** regime) and have made fair value or reliance on financial reports elections; or
- (g) are an “associate”, “associated persons” or “related persons” (as defined for Australian income tax and stamp duty purposes) of the Company.

This summary is based on the Australian tax law, and our understanding of the practice of the tax authorities, at the time of issue of the Prospectus. The laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. It does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal will depend upon each Noteholder’s specific circumstances.

Potential investors should obtain, and rely upon, their own independent taxation advice about the consequences of acquiring, redeeming, converting or disposing of the Notes having regard to their own specific circumstances.

Tax treatment of Notes

The Notes should be classified as a debt interest for the purposes of the *Income Tax Assessment Act 1936* (**1936 Act**) and Division 974 of the 1997 Act and also as “traditional securities” for the purposes of sections 26BB and 70B of the 1936 Act.

Interest payable on Notes

Australian tax residents

The Notes should be classified as debt interests for the purposes of the 1936 Act and the 1997 Act. Australian resident Noteholders should include the interest on the Notes in their assessable income in the year of income in which the interest is derived from them. Generally, taxpayers will derive interest income at the time of payment either in cash or in kind.

Non-Australian tax residents

Where:

- a Noteholder is a non-resident of Australia for tax purposes; and
- the Noteholder does not hold Notes through a permanent establishment in Australia,

then the interest payments received in respect of the Notes should not be included in the Australian assessable income of the Noteholder.

Normally, interest payments made to such non-residents would be subject to Australian withholding tax. However, it is intended the Notes will be issued in a manner that will cause the Interest payments to be exempt from Australian withholding tax under section 128F of the 1936 Act.

The exemption in section 128F will not apply if, at the time of issue of the Notes, the Company knows or has reasonable grounds to suspect that Notes, or interests in Notes, are being or will be acquired, directly or indirectly, by an associate of the Company that is not a resident of Australia acting through a permanent establishment in Australia (or who is a resident of Australia acting through a permanent establishment outside Australia), other than in the capacity of a dealer, manager or underwriter in relation to a placement of Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (an **Offshore Associate**). The Company will take all reasonable steps to ensure that no Notes are acquired by an Offshore Associate under the Capital Raising.

If the exemption under section 128F does not apply and an Interest payment to a non-resident Noteholder is subject to withholding tax, in accordance with clause 16.2 of the Note Terms, the Company has no obligation to pay an additional amount to compensate for the withholding tax.

If a non-resident Noteholder does hold Notes through a permanent establishment in Australia, then Interest payments will be included in the assessable income of the Noteholder for Australian taxation purposes. Interest withholding tax will not apply to Interest payments paid to such a Noteholder.

Disposal of Notes prior to Conversion or Redemption

Where a Noteholder disposes of a Note prior to the Conversion or Redemption of that Note, any gain over the Issue Price should be included in the Noteholder's assessable income under Section 26BB of the 1936 Act. Noteholders will not be eligible for the CGT discount on any gains made in these circumstances.

Where a Noteholder disposes of a Note prior to the Conversion or Redemption of that Note for less than its Issue Price, the loss should ordinarily be deductible under Section 70B of the 1936 Act.

However, in certain circumstances set out in section 70B of the 1936 Act, a loss realised will not be deductible and will be treated as a capital loss for Australian taxation purposes. Whether the loss arising on Conversion or Redemption is tax deductible or is a capital loss will depend on the circumstances of the Noteholder and Noteholders that realise a loss on the disposal of their Notes should seek their own independent tax advice in this regard.

The disposal of the Notes will also constitute a taxable CGT event under the capital gains tax provisions. To avoid double taxation, the amount of any capital gain on the disposal of a Note will be reduced to the extent the gain is included in a Noteholder's assessable

income under section 26BB of the 1936 ACT, and any capital loss will be reduced by the amount of the loss deductible under section 70B of the 1936 Act.

Conversion of Notes to Shares

Where an Australian resident Noteholder elects to convert their Notes into Shares, any assessable gain made, or deductible loss incurred by the Noteholder should be disregarded under section 26BB or 70B of the 1936 Act (as applicable). Similarly, no capital gain or loss for CGT purposes should arise at the time of conversion.

Cost Base and Disposal of the Shares resulting from the Conversion of the Notes

Where a Noteholder elects to Convert their Notes into Shares, the first element of the cost base and reduced cost base in the Shares for CGT purposes should be determined by apportioning the cost base or reduced cost base (as applicable) of the Notes over the Shares on a reasonable basis.

For CGT purposes, Noteholders should be deemed to have acquired the Shares at the time of conversion of the Notes.

The subsequent disposal of Shares by an Australian tax resident should give rise to a capital gain or capital loss. Broadly, a capital gain should arise if the capital proceeds from the disposal of the Shares by the Noteholder exceed the cost base of the Shares while a capital loss should arise if the capital proceeds from the disposal of the Shares are less than the reduced cost base of the Shares.

Certain taxpayers may be entitled to a discount on the amount of the assessable capital gain (after application of any available capital losses) arising from the disposal of Shares if the Shares have been held for at least 12 months from the date of their acquisition for CGT purposes (the **CGT discount**). The CGT discount is currently 50% for individuals and trusts and 33.33% for complying super funds and eligible life insurance companies.

Redemption of Notes by the Company (on the Maturity Date or earlier)

Where the Company Redeems the Notes and the Redemption proceeds (Makewhole Amount) exceed the apportioned issue price, the Noteholder should realise an assessable gain on the Redemption. The gain should be included in the Noteholder's assessable income under Section 26BB of the 1936 Act.

Stamp duty

Under current law, no stamp duty should be payable by Noteholders on the issue, receipt, transfer or Redemption of the Notes. Where the Notes are Converted into Shares, stamp duty may arise on the conversion. The Noteholder should obtain professional stamp duty advice prior to the Conversion of the Notes.

Tax File Numbers (TFN) and Australian Business Numbers (ABN)

Resident Noteholders may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to interests. In the event the Company is not so notified, withholding tax will automatically be deducted from distributions. The current rate of withholding tax is 47%, which is made up of the highest marginal tax rate (currently 45%), plus Medicare Levy (currently 2%).

The Company is required to withhold and remit to the Australian Taxation Office such tax until such time as the relevant TFN, ABN or exemption notification is given to it. Resident Noteholders will be able to claim a tax credit in respect of any tax withheld on dividends in their income tax returns.

7 Key risks

7.1 Introduction

By investing in the Notes you will be lending money to the Company in accordance with the Note Terms and you will be exposed to a number of risks which can be broadly classified as risks associated with the Notes and with the Company's business, which may affect recovery in respect of the Notes. There are also risks associated with the Capital Raising.

This Section describes the potential risks associated with the Company's business and the risks associated with an investment in the Notes and with the Shares. It does not list every risk associated with an investment in the Notes 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 or the Notes will be achieved.

There is no guarantee any forward-looking statements contained in this Prospectus will be realised or will otherwise eventuate. Past performance is not a reliable indicator of future performance.

Before applying for Notes, you must be satisfied you have sufficient understanding of the risks noted in this Section and have fully considered whether the Notes are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. You should read this Prospectus in full and seek professional financial and legal advice if you require further information and advice before deciding to subscribe for Notes.

7.2 Risks associated with investing in Notes

Investments in the Notes are an investment in the Company

Investments in the Notes are an investment in the Company and may be affected by the ongoing performance, financial position and solvency of the Company and its Subsidiaries. The Notes are not guaranteed by any government, government agency or compensation scheme in Australia or by any other person or any other jurisdiction.

Suitability

The Notes are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the Note Terms and risks

of investing in the Notes and consider whether it is an appropriate investment for your particular circumstances.

Liquidity of the Notes

The Notes will not be quoted on ASX or any other securities exchange. As a result, there is no direct market on which to sell the Notes. The value attached to the Notes may not be realised until the Notes are Converted into Shares, Cash-Settled or Redeemed.

Cash-Settled Conversion Right

As detailed in Sections 9.17 and 9.18, the Notes will only be capable of being Cash-Settled until the Shareholder Approvals are obtained. There is a risk that the Notes may never be capable of being convertible into Shares if the Shareholder Approvals are not obtained.

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 Notes and affect your ability to sell your Notes at all, or at an acceptable price. Additionally, this may result in greater volatility in the market price of the Notes than would be expected for non-convertible debt securities. Similarly, the issue of the Notes may result in downward pressure on the market price of Shares.

In addition, any Shares held by Noteholders following Conversion of their Notes will have the same rights as other existing Shares, which are different from the rights attached to the Notes. 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 Noteholders on a Conversion, the market price of the Shares will likely vary from the Conversion Price of the Notes.

Where the Notes are Converted into Shares, there may be no liquid market for Shares at the time of Conversion, or the market may be less liquid than that for comparable securities issued by other entities at the time of Conversion. As a consequence, Noteholders who wish to sell the Shares they may receive on Conversion of their Notes may be unable to do so at an acceptable price, or at all, if the market for Shares is illiquid. Further, following Conversion, 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.

Interest payments

The Company is required to pay Interest on the Notes as set out in Section 9.13. Among other methods, the Company may choose to pay Interest in cash or 'in-kind'. The Company's decision to pay Interest on Notes in cash will depend on, among other things, the Company's ability to generate sufficient cash flow from operations to support interest payments. The Company's ability to generate cash flows from its operations will depend substantially on the Company's ability to maintain its position within the competitive market in which it operates, including its existing customer relationships, and its ability to implement its growth strategies. The Company's ability to exercise its discretion to pay interest on the Notes in cash will also be subject to the Intercreditor Deed (which restricts cash payments to Noteholders whilst an enforcement action is being undertaken).

Interest rate risk

The Interest rate(s) payable on the Notes will be fixed by reference to the agreed percentages set out in Section 9.13.

If the Company has issued a Relevant Disputes Notice, Interest will be reduced in the way set out in Section 9.14.

Any amount due under the Notes which is not paid when due will also accrue interest at a rate of 2% per annum from the due date to (but excluding) the date on which payment is made to the Noteholder of the full unpaid amount.

The market price of the Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards the Company.

Limited circumstances for Redemption of Notes and cash payment

The Notes may or must be Redeemed in certain circumstances set out in further detail in Section 9.30.

The Trustee can declare by notice to the Company that all the Notes are to be Redeemed for the Makewhole Amount following the occurrence of an Event of Default.

The Company must redeem the Notes in full on the Maturity Date. In addition, the Company has the right to voluntarily redeem the Notes prior to the Maturity Date, by issuing an Early Redemption Notice.

The Notes may also be redeemed at a Noteholder's election if an Exit Event occurs and a Noteholder has not exercised its Conversion rights for its respective Notes prior to the Exit Event.

The amount payable on Redemption of the Notes will depend on the time and circumstances under which the Notes are Redeemed. The amount payable may be less than the previously prevailing market value of the Notes. Additionally, in the event of an early Redemption of Notes, you may not receive the returns you expected to achieve on your Notes (if the Notes had been held until the Maturity Date).

If the Notes are required to be Redeemed, the Company may need to use the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of investments to meet the amounts payable to Noteholders in respect of such Redemption. There is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings and may, in that case, have insufficient cash to Redeem the Notes in accordance with the Note Terms.

If the Company fails to make Interest payments or Redeem the Notes when due, the Trustee and/or the Security Trustee (as applicable) has certain rights under the Transaction Documents to take enforcement action against the Company and/or the Guarantors. The rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed and by the Security Trustee of the Security Trust Deed.

The Notes are subject to changes of law

The Note 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 Notes. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.

Security subordinated to Senior Financiers

The Company's payment obligations under the Notes rank in priority behind, and are subordinated to, its payment of Priority Permitted Debt, and any payment obligations preferred by law as set out in Section 9.9. Accordingly, the indebtedness of the Company in respect of the Notes:

- (a) may not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Notes; and
- (b) may not be satisfied in full unless the Company can also satisfy in full all of its other obligations ranking equally with the Notes,

and future granting of security interests and incurrence of debts by the Company may dilute the claim of the Noteholders or reduce the value of their investment or liquidity of the Notes.

Further, as at the date of issuance, the Company has formed the view that its net assets will be sufficient to meet its obligations in respect of the Initial Face Value of the Notes. However, there is a risk that the value that can be realised from the assets available to Noteholders following any enforcement (and following repayment of any senior secured debt) may be insufficient to cover the Makewhole Amount, Cash-Settlement Amount or redemption payment which is payable at that time (which is likely to exceed the Face Value of the Notes at the time of any enforcement or redemption). Investors should form their own view as to the value of the Company based upon their expectations and assumptions of the turnaround of the business, and financial performance of the Company.

Enforcement risk and intercreditor arrangements

The Note Terms provide that rights under the Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must therefore notify their claims to the Trustee and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the Noteholders to do so.

There is a risk that an individual Noteholder may not be able to require enforcement action to be taken by the Trustee and/or Security Trustee unless the requisite number of Noteholders similarly require that enforcement action be taken. The number of Noteholders required to enforce the Note Terms upon the occurrence of specified Events of Default is detailed in Section 9.41.

The Intercreditor Deed also regulates the circumstances in which the Trustee and Security Trustee can take enforcement action. Whilst the Security Trustee has the rights, under the Intercreditor Deed, to enforce, there is a risk that one or more Senior Financiers may withdraw liquidity support during any enforcement action by the Security Trustee and/or refuse to co-operate with the enforcement action taken or proposed by the Security Trustee (including in respect of the provision of releases and discharges). This may affect the ability of the Trustee and the Security Trustee to take enforcement action (or the value that may be realised by the Security Trustee and/or Trustee upon such enforcement action). Other security holders may also obstruct or delay realisation of assets of the Group by the Security Trustee and Trustee. Further details of the provisions of the Intercreditor Deed are set out in Section 8.15.

The Intercreditor Deed only regulates the intercreditor arrangements between the Senior Financiers, the Trustee, Security Trustees the Noteholders and the Company. The Company has other creditors and security holders which are not subject to formal intercreditor arrangements. There is a risk that any enforcement action taken by the Trustee and/or the Security Trustee will be negatively affected by actions taken by other secured creditors of the Company.

In all circumstances, enforcement of the Trust Deed and each Collateral Security are subject to the Intercreditor Deed.

Ranking in a Winding Up

The Notes are issued by the Company under the Trust Deed and on and subject to the terms of the Trust Deed and the Note Terms.

If the Company is wound up, and assuming the Notes have not been Converted or Redeemed, Noteholders will rank behind the Company's Priority Permitted Debt and those mandatorily preferred at law in right of payment, but ahead of all Shortfall Debt, unsecured creditors of the Company and Shareholders. The Notes will rank equally with each other Note and any other Permitted Debt which the Majority Noteholders agree ranks equally with the Notes.

If there is a shortfall of funds on winding up to pay all amounts ranking senior to the amounts owing in respect of the Notes, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest and any other unpaid amounts owing in respect of the Notes.

If the Notes have been Converted, the Noteholders will hold Shares and rank equally with other holders of Shares in a winding up.

In the event of any liquidation or winding up of the Company, the claims of the Company's secured and unsecured creditors (including senior lenders and Noteholders) will rank ahead of those of its Shareholders. Under such circumstances, the Company will first repay or discharge all claims of its creditors. Any surplus assets will then be distributed to Shareholders. All Shareholders will rank equally in their claim and will be entitled to an equal share per Share.

Conversion events

The Company has an obligation to Convert the Notes upon the occurrence of certain events specified in Section 9. The Notes may be Converted into Shares or may only be capable of being Cash-Settled if the Shareholder Approvals are not obtained. These Conversion events (and consequently whether the Noteholders receive cash or Shares) may be disadvantageous to the Noteholders and may not coincide with their individual preference or intended investment outcomes.

Noteholders have the right to Convert some or all Notes into Shares at any time prior to the Maturity Date (provided the Shareholder Approvals have been obtained). If the Notes are only capable of being Cash-Settled, Noteholders will only have limited rights to elect to Convert their Notes.

The Company will Redeem any remaining Notes at the Maturity Date that have not otherwise been Converted.

Future dividends and franking

Under the Note Terms, there are restrictions on the Company's ability to pay dividends or other distributions to Shareholders as set out in Section 9.43, for so long as any of the

Notes remain 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.

Payments of any dividends to Shareholders in respect of the Shares is at the discretion of the Directors. If any Notes are Converted after the record date for a dividend, Noteholders 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. Dividends will not be paid in respect of the Notes.

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 Note Terms 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 Notes do not restrict the Company from issuing further Shares or other securities, although the Conversion Price of the Notes will be adjusted upon the occurrence of a share restructuring (including without limitation pro rata issue, bonus issue, buy-back, return of capital, consolidation etc) as described in Section 9.28.

If the Company undertakes additional offerings of securities in the future, the increase in the number of issued Shares or securities convertible into Shares and the potential for the sale of such securities may depress the price of Shares already on issue and of the Notes. 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, of holders of Notes) will be diluted. The Note Terms may not adequately protect Noteholders in the event the Company undertakes additional offerings of securities in the future.

An investment in the Notes carries no right to participate in any future issue of securities issued by the Company.

Certain initial Noteholders may potentially be able to exercise certain rights and powers on their own

Pursuant to the Placement, Arrovest will subscribe for a significant portion of the Notes - \$200 million of Notes (subject to a scale back). Any Noteholder holding a significant percentage of the aggregate principal amount of the Notes (including Arrovest) may be able to exercise certain rights and powers and will have a significant influence on matters voted on by Noteholders. Additionally, the existence of any such significant Noteholder may reduce the liquidity of the Notes in the secondary trading market.

For example, depending on the Notes held by it, a Majority Noteholder may pass a Special Resolution of Noteholders to allow the Company and its Subsidiaries to incur new debt, declare dividends and acquire or dispose of certain assets, as set out in Section 9.43. Further, the Noteholders may, by Majority Noteholders Resolution, require the Trustee to take action to enforce an Event of Default in certain circumstances as set out in Section 9.41.

Arrovest's participation and the potential effect on control

Arrovest is the Company's largest Shareholder and, pursuant to the Arrovest Commitment Letter described in Section 8.6, has committed to subscribe for 200 million Notes (subject to scale back by the Company). Arrovest's participation in the 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 5.5 for further details.

Inflation rate risk

An increase in the inflation rate may erode in real terms the value of the capital invested in the Notes. It may also negatively impact the profitability of the Company or the market value of the Shares including as a result of the increase in the Company's expenses.

Change in the Australian tax system

A general outline of the tax consequences of investing in the Notes for certain potential investors who are Australian residents for tax purposes is set out in the taxation summary in Section 6.

This summary is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor. Accordingly, potential investors should seek independent advice concerning their own individual tax position.

You should be aware that any future changes in Australian tax law or interpretation of Australian tax law may affect the taxation treatment of the acquisition, holding and disposal of Notes and the market price of the Notes.

Change in Australian Accounting Standards

New, or amendments to existing, accounting standards issued by the Australian Accounting Standards Board may affect the reported earnings and financial position of the Company in future financial periods. This may adversely affect the ability of the Company to pay interest on the Notes.

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.

Noteholders should take care to ensure that their holding of the Notes (and any Shares that they could be Converted for) do not breach any applicable restrictions on ownership.

Where, on a Conversion, the issue of any Shares to any particular Noteholder (either directly or indirectly) is prevented by law, the Company may be unable to Convert those Notes.

Amendment to Note Terms and Trust Deed

As set out in Sections 8.9, 9.44 and 9.45 where a Modification to the Trust Deed and/or Note Terms is, for example, of a minor or technical nature, or is necessary to comply with law, Noteholder consent is not required. However, if a Modification to the Trust Deed and/or Note Terms would materially and adversely affect the rights of all Noteholders, the Modification must be authorised by a Special Resolution. Moreover, if the Modification relates to an extension of the Maturity Date or reduction to payment amounts in respect of the Notes, a Super Resolution of Noteholders is required.

7.3 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

As noted in the Company's half-year report for the half-year ended 31 December 2020 which was released to the ASX on 1 March 2021, failure to achieve Financial Close of the Capital Raising may result in the Company no longer being able to continue as a going concern. Whilst the Company considers that completion of the Capital Raising will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Investors to other risks set out in this Section 7 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. Details of the shareholder class actions are set out in Section 8.30.

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 current regulatory investigations and reviews are set out in Section 8.31 below.

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, as set out in Section 8.29.

As detailed in Section 9.43(e), the Company provides a Disputes Undertaking under the Note Terms which restricts the Company from settling or agreeing or consenting to pay any damages in relation to the class actions or proceedings with Blue Diamond. A breach of the Disputes Undertaking will constitute an Event of Default (see Section 9.39).

If an Event of Default occurs, the Trustee may declare by notice to the Company that all the Notes are to be Redeemed for the Makewhole Amount and/or take enforcement action against, or direct the Security Trustee to take enforcement action against, the Company or relevant Group Member. The Trustee's ability to enforce an Event of Default is, depending on the circumstances, subject to a MD Noteholders Resolution or Majority Noteholders Resolution.

Blue Diamond dispute

As set out in Section 8.29, Freedom Foods Pty Ltd (**FFPL**) and certain other Subsidiaries of the Company are involved in legal proceedings with Blue Diamond. These proceedings have the potential to materially adversely impact the Company's financial and operating performance, both in terms of the potentially significant costs associated with the proceedings and the potential outcomes if one or more of the remedies and orders sought by Blue Diamond in such proceedings are granted. There is a risk that Blue Diamond may seek to make additional claims, or amended claims during the course of the proceedings, or otherwise seek additional or amended remedies and orders.

In addition to the potential impact on the Group, under the Note Terms, the Company is subject to restrictions that prevent it from settling any dispute with Blue Diamond, or contributing to any damages or settlement payment to Blue Diamond in connection with such proceedings, in each case, without the consent of the Majority Noteholders (Section 9.43(e)).

Where certain orders are made relating to the business of MILKLAB (including in the Californian Arbitration), an Event of Default under the Note Terms may occur (see Section 9.39), which can trigger a Redemption among other potentially adverse events (see Section 9.40). There is also a risk that such orders which restrain FFPL (and any entity acting on behalf of or in concert with FFPL) from manufacturing or selling nut-based beverage products in Australia or New Zealand that are not Blue Diamond products, organic or private label products (including MILKLAB and Australia's Own non-organic, nut-based beverage products) may have a significant impact on the Company's assets and operations, and the value of the security granted to the Security Trustee for the benefit of Noteholders.

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. Further information about the ASIC Investigation is set out in Section 8.31. 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 CEO 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

As at the date of this Prospectus, the Company has debt owing to its senior lenders with an approximate value of \$332 million and these parties have a senior secured position over certain assets of the Company. While the proceeds of the Capital Raising will be 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.

Cereals and snacks

On 17 December 2020, the Company announced the sale of its cereal and snacks business to the Arnott's Group as part of its ongoing program to simplify its business structure and product range, to improve profitability and prioritise growth opportunities. On 2 March 2021, the Company announced that it had completed the first stage of the sale, including a payment of \$16.1 million, with the net proceeds paid to the Group of \$8.04 million after discharge of equipment leases. The Company expects that the total consideration for the sale will remain at approximately \$20 million with net proceeds of approximately \$11 million subject to adjustment for transaction costs and the agreed inventory balance at the final completion date.

While the first stage of completion has occurred, there is a risk that the transaction may never complete or that the counterparty may default under the terms of the sale agreement.

Suspension of the Company's Shares and reinstatement to ASX

The Company's Shares went into trading halt on 24 June 2020 and have remained in voluntary suspension since 25 June 2020. The Company has requested ASX to reinstate trading in the Company's Shares, which is expected to occur with effect from the commencement of trading on 22 March 2021.

There is a risk that once the Shares are reinstated and tradeable on ASX, a number of Shareholders may immediately sell their Shares, driving down the overall Share price. This could adversely impact the long-term investment objectives of its investors.

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.

7.4 Risks associated with the Capital Raising

Dilution for Shareholders

Upon Conversion of the Notes, the Company will issue Shares to the Noteholders as set out in this Prospectus. The issue of Shares will dilute the interests of existing Shareholders to differing extents (including whether a Shareholder is an Eligible Investor who participates in the Wholesale Investor Offer). More detail on the potential dilution effect is set out in Section 5.5. It is not possible to predict what the value of the Company's Shares will be following completion of the Capital Raising, or at the time of Conversion of the Notes, 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 Capital Raising.

Conditions to Arrovest's participation under the Arrovest Commitment Letter

There are a number of conditions which must be satisfied under the Arrovest Commitment Letter. A failure to satisfy any one of these conditions may result in Arrovest withdrawing its support for the Capital Raising and not subscribing for any Notes under the Placement. Such an outcome would adversely impact the Company's ability to meet its objectives under the Recapitalisation, may result in the Company withdrawing the Capital Raising in its entirety and may impact its ability continue as a going concern. See Section 8.6 for a summary of the Arrovest Commitment Letter.

7.5 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 Notes and Shares may fall or rise with movements in the equity or debt capital markets in Australia and internationally.

There is no guarantee the Notes will trade at or above their Issue Price or the Shares will trade at or above a price reflective of the Conversion 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 Notes.

This summary of the risks associated with the Notes 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 unclear about any matter or uncertain if the Company or the Notes are a suitable investment, you should seek legal and financial advice.

8 Additional Information

This Section 8 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. In addition, certain other prescribed details in respect of the Capital Raising have been set out in this Section 8.

8.1 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.

Section 713 of the Corporations Act (as modified by *ASIC Corporations (Offers of Convertibles) Instrument 2016/83*) enables a company to issue a transaction-specific prospectus where the securities offered are continuously quoted securities (within the meaning of that term in the Corporations Act) or securities convertible into continuously quoted securities. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempted from the continuous disclosure regime and disclosing entity requirements provided for under the Corporations Act and the ASX Listing Rules.

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 Capital Raising on the Company, the rights and liabilities attaching to the Notes 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.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with, and has not been exempted from, the general and specific requirements of ASX (as applicable from time to time throughout the 12 months before the date of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

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.

8.2 Company announcements

Investors may view a record of the Company's ASX announcements at the Company's website (www.ffgl.com.au) or via the ASX website (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 its FY20 Annual Report on 30 November 2020:

Date	Headline
12/03/2021	S&P DJI Announces March 2021 Quarterly Rebalance
08/03/2021	Update on dispute between Freedom Foods and Blue Diamond
03/03/2021	Update on Sale of Cereals & Snacks Assets
01/03/2021	Appendix 4C and Quarter Ended 31 Dec 2020 Activity Report
01/03/2021	FY21 Half Year Results
01/03/2021	Appendix 4D and Half Year Financial Report FY21
22/02/2021	Second Class Action
19/02/2021	Chief Financial Officer
02/02/2021	Appendix 3Z- Trevor Allen
02/02/2021	Appendix 3Z- Ronald Perich
02/02/2021	Appendix 3Z- Perry Gunner
29/01/2021	AGM Results

29/01/2021	2020 AGM Presentation and Addresses
29/01/2021	In-Principle Agreement Reached on Capitalisation
21/12/2020	Virtual AGM Online Guide
21/12/2020	AGM Proxy Form
21/12/2020	Notice of Annual General Meeting
21/12/2020	Virtual AGM – Letter from the Chair
21/12/2020	Board Restructure
17/12/2020	Sale of Cereal and Snacks Assets to the Arnott's Group
16/12/2020	Update on Recapitalisation
10/12/2020	Class Action
30/11/2020	Updated Securities Trading Policy

8.3 Availability of other documents

The Company will provide a copy of any of the following documents, free of charge, to any Eligible Investor who so requests 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; and
- (e) 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).

8.4 Rights attaching to Notes

The rights attaching to the Notes are set out in Schedule 1 of the Trust Deed. The Note Terms (including the rights of the Company, the Trustee and the Noteholders to vary,

alter, amend or otherwise change the Note Terms) are set out in detail in Section 9 and a full copy is annexed to this Prospectus.

8.5 Rights attaching to Shares

The shares issued on Conversion of the Notes will be ordinary shares (**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)).

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.

For further information in respect of dividend restrictions under the Note Terms, see Section 9.43(d).

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.

8.6 **Arrovest Commitment Letter**

On 19 March 2021 the Company signed a binding commitment letter with Arrovest, pursuant to which Arrovest has agreed to subscribe for \$200 million of Notes (**Arrovest Commitment Letter**).

The following is a summary of the principal provisions of the Arrovest Commitment Letter:

Arrovest Commitment

Under the terms of the Arrovest Commitment Letter, Arrovest must apply for \$200 million of Notes under the Placement by the end of the Offer Period. For every \$1 the Company raises under the Wholesale Investor Offer above \$65 million (and up to a maximum amount of \$130 million), Arrovest's commitment will be scaled back on a dollar-for-dollar basis, provided that Arrovest's minimum commitment will be no less than \$135 million (the **Arrovest Commitment**).

Conditions to the Arrovest Commitment

Arrovest's obligation to subscribe for \$200 million of Notes is subject to the following conditions (together, the **Conditions**):

- (a) Arrovest receiving a fully executed version of each Transaction Document;
- (b) the Company, the Senior Financiers and each relevant Group Member entering into definitive documentation to give effect to the Company's restructuring of its senior debt facilities and the satisfaction of all conditions precedent to the implementation of that restructure by Financial Close; and
- (c) receipt of a funds flow statement, and other procedural conditions precedent.

Intercreditor Deed

The Arrovest Commitment Letter also annexes an agreed form of the Intercreditor Deed.

Costs

The Company is responsible for paying all reasonable costs and out-of-pocket expenses incurred by Arrovest and its legal advisors in connection with preparing, negotiating and documenting the terms of the Transaction Documents and in consummating the transactions contemplated by the Capital Raising.

Termination

The Arrovest Commitment Letter may be terminated where:

- (a) a Condition is not satisfied or waived (or becomes incapable of being satisfied) by the date the Arrovest Commitment Letter is terminated or Financial Close (whichever is earlier);

- (b) the Company or Arrovest (as applicable) has breached its obligations under the Arrovest Commitment Letter in a material respect and has failed to remedy the breach within 5 Business Days after being notified by Arrovest of the breach;
- (c) the Standstill Deed between, among others, the Company and the Senior Financiers, has expired or been terminated;
- (d) the Company and/or the Board forms the view (acting reasonably) that it has received a superior proposal from an alternative investor; or
- (e) upon the mutual agreement of the parties.

8.7 Senior Financier Commitment Agreement

On 19 March 2021 the Company entered into a binding Commitment Agreement with the Senior Financiers pursuant to which the Senior Financiers agreed to provide certain debt facilities to the Group (**Senior Financier Commitment Agreement**). The debt facilities which the Senior Financiers commit to provide to the Group pursuant to the Senior Financier Commitment Agreement are:

- (a) the \$36 million senior secured revolver facility and (to the extent not repaid) the Term Debt from NAB and HSBC;
- (b) interest rate hedging facilities from NAB and HBAU (to the extent the Term Debt is not fully repaid) and FX hedging facilities from HSBC; and
- (c) credit card facilities from HBAU,

(together, the **Senior Debt Facilities**), as well as the following bilateral facilities:

- (d) the full recourse debtor financing facilities and the limited recourse debtor financing facilities from HSBC;
- (e) NAB Asset Financing,

(which, together with the Senior Facilities are the **Senior Group Facilities**).

The Senior Financier Commitment Agreement also annexes an agreed form of the Intercreditor Deed. The following is a summary of the principal provisions of the Senior Financier Commitment Agreement:

Conditions to the Senior Financier Commitment Agreement

Each Senior Financier's commitment to provide its relevant Senior Group Facilities is subject to the following conditions (together, the **Conditions**):

- (a) ongoing compliance with the Senior Financier Commitment Agreement, each fee letter and the Standstill Deed;
- (b) certain representations and warranties relating to the provision of information by the Company to the Senior Financiers remaining true and correct;
- (c) execution of each amendment document and other finance documents in respect of the Senior Group Facilities by no later than 28 May or such later date the Senior Financiers agree;

- (d) satisfaction of the conditions precedent to financial close by no later than 28 May or such later date the Senior Financiers agree (which conditions precedent include the provision of verification certificates, title documents, legal opinions, insurance policies, details of intellectual property, funds flow statement, amendment documents to the Senior Group Facilities being signed, entry into the long form documentation for the Note Terms, entry into the Shortfall Security and associated security trust document, entry into the Intercreditor Deed, valuations of the Group's property located at Shepparton, valuations and inspections of financed assets, and various landlord rights of entry in connection with the provision of mortgages of lease by members of the Group); and
- (e) the Arrovest Commitment Letter not being varied, waived or terminated.

Fees, costs and expenses

The Company is responsible for paying all costs and expenses incurred by the Senior Financiers in connection with the negotiation, preparation, printing and execution of the Senior Group Facilities (whether or not the finance documents in connection with the Senior Group Facilities are signed or whether completion occurs). The Company has agreed to pay certain fees of the Senior Financiers in connection with the Senior Financier Commitment Agreement and the Senior Group Facilities. The Senior Financier Commitment Agreement also includes standard indemnities from the Company (and certain of its Subsidiaries) in favour of the Senior Financiers.

Representations and warranties

The Senior Financier Commitment Agreement includes representations and warranties that factual information provided is true and complete in all material respects at the date it is provided or at which it is stated, and that nothing has occurred or been omitted that would result in information provided being untrue or misleading in any material respects.

Termination

The Senior Financier Commitment Agreement may be terminated by a Senior Financier where:

- (a) the terms of the Senior Financier Commitment Agreement or a fee letter have not been complied with;
- (b) a Standstill Period Default (as defined in the Standstill Deed) occurs;
- (c) a Condition described in paragraphs (b) or (e) above is not satisfied;
- (d) a condition described in paragraphs (c) or (d) above is not satisfied by the date required; or
- (e) the standstill period (as defined in the Standstill Deed) has expired.

8.8 Overview of Senior Facilities

(a) Overview

The Company and the Guarantors have provided security over their main assets and undertaking in favour of NAB as the Senior Security Trustee to secure the Senior Facilities (**Senior Security**). The Senior Security will remain in place following completion of the Capital Raising.

The Company and certain of its subsidiaries have also provided the following security:

- (i) specific security in favour of NAB over each of the assets financed (and owned) by NAB under the NAB Asset Financing;
- (ii) specific security in favour of HSBC over certain accounts and chattel paper (being the receivables sold in connection with the debtor financing facilities provided by HSBC); and
- (iii) general security in favour of HSBC over all of Freedom Foods Group Financing Pty Ltd's present and after acquired property (excluding security interests granted described in paragraph (ii) above),

(together the **Permitted Individual Security**).

Separately, the Company and the Guarantors will provide (with effect from completion of the Capital Raising) security over their main assets and an undertaking in favour of NAB as the Shortfall Security Trustee to secure liabilities owed to NAB and HSBC in respect of the NAB Asset Financing and the HSBC limited recourse debtor facilities (**Shortfall Security**).

(b) *Revolving cash facility*

Each of NAB and HSBC will make available (with effect from completion of the Capital Raising) to the Company a two year term \$36 million revolving cash facility, which will be secured by the Senior Securities. The revolving cash facility will be undrawn as at the date the Notes are first issued and may be utilised by the Company for general corporate and working capital purposes, including payment of restructuring costs (but may not be used to fund cash payments on the Notes or to fund settlement amounts or costs relating to litigation). It will contain standard provisions in relation to negatives pledges and undertakings but does not include financial covenants.

(c) *Term Debt*

Where the proceeds of the Capital Raising are less than \$265 million, the Term Debt will be fully drawn at the date the Notes are first issued. The quantum of Term Debt will be up to \$50 million but will reduce by \$1 for every \$1 raised under the Capital Raising above \$215 million.

Where the proceeds of the Capital Raising are \$265 million, the Term Debt will be fully repaid, and the existing term debt facilities cancelled.

The Term Debt is secured by the Senior Securities. It will contain standard provisions in relation to negatives pledges and undertakings but does not include financial covenants.

(d) *Debtor financing*

HSBC provides both limited recourse and full recourse debtor financing to the Group. The debtor facilities are secured over the receivables sold to HSBC pursuant to the facilities.

The Permitted Individual Security granted to HSBC in connection with the full recourse and limited recourse debtor financing facilities ranks ahead of the other Senior Securities to the extent it secures the same collateral.

The full recourse facility (with a limit of \$25 million) is guaranteed by the Guarantors and (with effect from completion of the Capital Raising) will be secured by the Senior Securities. The obligations under that guarantee constitute obligations under the Senior Facilities which rank ahead of the Notes.

The limited recourse facility (with a limit of \$65 million) is (in most circumstances) limited in recourse to the receivables assigned or transferred. If there is ever a shortfall to HSBC under the limited recourse facility, that shortfall (with effect from completion of the Capital Raising) will be guaranteed by the Guarantors, and secured by the Shortfall Securities and constitutes Shortfall Debt which ranks in priority behind the Notes.

The HSBC debtor financing facilities do not include financial covenants.

(e) *NAB Asset Financing*

The terms of the NAB equipment financing are set out in various lease agreements, including two main Master Asset Finance Agreements, pursuant to which NAB and either Freedom Foods Group Financing Pty Ltd or Pactum Australia Pty Ltd (as applicable) enter into equipment schedules from time to time specifying the leased equipment (**NAB Asset Financing**). The total amount of equipment and asset financing provided by NAB to the Group as at 11 March 2021 is approximately \$66,019,237.

NAB owns, and holds security over, the plant and equipment it has financed. The equipment financing facilities have varying maturities, some of which extend to 2027. They require regular principal and interest repayments through the life of the facilities.

The Permitted Individual Security over the specific collateral financed under the NAB Asset Financing ranks ahead of the other Senior Securities to the extent it secures the same collateral.

If there is ever a shortfall to NAB under the equipment financing it has provided, that shortfall (with effect from completion of the Capital Raising) will be guaranteed by the Guarantors and secured by the Shortfall Securities and will constitute Shortfall Debt which will rank in priority behind the Notes.

The NAB Asset Financing facilities do not include financial covenants.

(f) *Other Senior Facilities*

Other facilities provided to the Group by the Senior Financiers include transactional facilities and hedging. The indebtedness of the Group under those arrangements form part of the Senior Facilities and are secured by the Senior Securities.

(g) *Other indebtedness*

The Group has other ad hoc asset and equipment-based financing facilities with other third parties. These will remain in place following the Capital Raising.

8.9 Permitted Debt, Priority Permitted Debt and Permitted Security Interests

The Note Terms regulate further Financial Indebtedness that the Company may incur, and the security interests it may grant.

(a) *Permitted Debt*

Permitted Debt is Financial Indebtedness that the Group is permitted to incur under the Note Terms. It includes Financial Indebtedness that may rank in priority to the Notes, and other Financial Indebtedness (including Financial Indebtedness that ranks equally with, or behind, the Notes).

It includes:

- Permitted Senior Debt. Permitted Senior Debt has a limit that ranges between \$65 million (where the Capital Raising equals or exceeds \$265 million) and \$100 million (where the Capital Raising is below \$215 million).
As at Financial Close, the Permitted Senior Debt thresholds are inclusive of the \$36 million senior secured revolver facility and (to the extent not repaid) the (up to \$50 million) Term Debt facility;
- transactional facilities (up to a cap of \$7 million) and amounts owed in respect of hedging agreements;
- Permitted Full Recourse Debtor Financing up to a limit of \$25 million;
- Permitted Limited Recourse Debtor Financing up to a limit of \$65 million;
- Permitted Asset Financing up to a limit of \$95 million;
- Pari Passu Debt up to \$100 million (subject to Majority Noteholder approval);
- other financial indebtedness provided it does not exceed \$5 million;
- certain other financial indebtedness provided to other members of the Group or which is incurred in the ordinary course of business; and
- any other debt approved by a Special Resolution of Noteholders.

(b) *Priority Permitted Debt*

Priority Permitted Debt is Financial Indebtedness which, under the Note Terms, is permitted to rank in priority to the Notes. Not all Permitted Debt is "Priority Permitted Debt". It is secured debt, and includes amounts owed in respect of:

- the Permitted Senior Debt (as set out above);
- transactional facilities (up to a cap of \$7 million and amounts owed in respect of hedging agreements);
- Permitted Full Recourse Debtor Financing;
- Permitted Limited Recourse Debtor Financing provided that it is limited to the proceeds of the relevant receivables, inventory or accounts receivable acquired or financed;
- Permitted Asset Financing, provided that it is limited to the proceeds of the relevant equipment and/or assets financed; and
- any other Permitted Debt which the Noteholders agree by Special Resolution may rank in priority to the Notes.

It does not include Shortfall Debt.

(c) *Permitted Security Interests*

Permitted Security Interests are security interests which the Company and its Subsidiaries are permitted, under the terms of the Notes, to grant. They include:

- security interests granted in favour of the Security Trustee;
- security interests which secure Priority Permitted Debt, including the Senior Securities and Permitted Individual Securities;
- security interests which secure Pari Passu Debt;
- the Shortfall Securities;
- any security interests that secure any replacement, refinancing or extension of Priority Permitted Debt;
- other security interests permitted including certain title retention arrangements, certain netting or set-off arrangements, liens arising by operation of law in the ordinary course of trading; and
- security interests authorised by a Special Resolution of Noteholders.

8.10 Trustee, Security Trustee, Note Registrar and Paying Agent

Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308) (**GLAS**) will act as Trustee, Security Trustee, Paying Agent and Note Registrar in connection with the Notes.

GLAS is an independent provider of finance administration services in the loan agency and corporate trust market. GLAS only provides financial administration services with no ties to any financial institution, enabling GLAS to provide a totally independent service to its clients.

8.11 Trust Deed

The Trust Deed governs the terms and conditions on which the Notes are to be issued and is subject to the Corporations Act and ASX Listing Rules. Schedule 1 to the Trust Deed contains the terms of issue of the Notes. The Note Terms are summarised in Section 9 of this Prospectus and a full copy is annexed to this Prospectus.

The Trust Deed and the Note Terms are binding on the Noteholders, the Trustee and the Company. It is an express condition of a Noteholder receiving any of the rights or benefits in connection with the Trust Deed, the Note Terms or the Notes that the Noteholder performs all of the obligations and complies with all restrictions and limitations applicable to it under the Trust Deed and the Note Terms.

Pursuant to the Trust Deed, the Trustee holds the benefits of the rights (including Guarantees) on trust for the Noteholders. The term of the trust is 80 years unless terminated earlier.

Noteholder meetings

Schedule 2 to the Trust Deed sets out the rules relating to Noteholder meetings.

Power to call meetings

Meetings may be called by the Trustee or the Company at any time upon 10 Business Days' notice (or 15 Business Days' notice for a Special Resolution or Super Resolution). Noteholders representing at least 25% or more of the aggregate Face Value of the Notes then outstanding may require the Trustee to call a meeting.

Quorum

For any meeting, two Noteholders present in person or by proxy representing at least 25% of the Face Value of all Notes then outstanding when the meeting begins is a sufficient quorum.

Voting

On a show of hands, each Noteholder present at the meeting or by proxy shall have one vote. On a poll, every Noteholder has one vote for every Note of which it is the registered holder.

Noteholders bound

A MD Noteholders Resolution, Majority Noteholders Resolution, Special Resolution or Super Resolution passed at a meeting of the Noteholders will be binding upon all Noteholders (whether or not present at the meeting) and each of the Noteholders shall be bound to give effect to the same.

8.12 Security Trust Deed

In accordance with the terms of the Security Trust Deed, the Security Trustee will hold the rights under the Collateral Securities on trust for the benefit of itself, the Trustee and the Noteholders in accordance with the terms of the applicable Transaction Documents. The Collateral Securities and Security Trust Deed will be entered into by the Company and the Guarantors as a condition precedent to completion of the Capital Raising. The form of the Security Trust Deed will include:

- (a) the term of the trust (which, unless terminates earlier, continues until the 80th anniversary of the Security Trust Deed);
- (b) the role and powers of the Security Trustee (which will be general and wide in nature);
- (c) how the Security Trustee is to be instructed (which will be consistent with the Note Terms);
- (d) the limitations of liability of the Security Trustee;
- (e) how the Security Trustee may resign and/or be replaced;
- (f) the guarantee pursuant to which the Guarantors guarantee the obligations of the Company under the Notes;
- (g) the process for Noteholders becoming and ceasing to be beneficiaries under the security trust deed (which will require Noteholders to execute an agreed form of transfer as annexed to the Note Terms and satisfy "know your customer" and other requirements); and

- (h) the application of amounts received by the Security Trustee and payment mechanics. This includes that payments of liabilities of the Security Trustee (and any controller or attorney appointed by the Security Trustee) will be paid first, and then remaining proceeds distributed to the beneficiaries of the Security Trust Deed pro rata. The distribution of proceeds by the Security Trustee will be subject at all times to its obligations under the Intercreditor Deed.

8.13 Agency and Registry Services Agreement

The Company will appoint GLAS as its Note Registrar and Paying Agent in respect of the Notes pursuant to an Agency and Registry Services Agreement (**ARS Agreement**). Pursuant to the ARS Agreement, GLAS will:

- (a) establish, maintain and conduct a register for the Notes on behalf of the Company; and
- (b) make payments on behalf of the Company (or any Guarantor) of principal and any interest on the Notes at the times and in the manner provided for in the ARS Agreement and in accordance with the Note Terms and the Trust Deed.

8.14 Security arrangements

Guarantee

Each Guarantor guarantees the obligations of the Company under the Notes and the Transaction Documents pursuant to the guarantee and indemnity contained in the Security Trust Deed.

General Security Deeds

Each of the Company and the Guarantors will enter into a General Security Deed (with effect from Financial Close) pursuant to which it will grant to the Security Trustee a security interest in all of its present and after-acquired property to secure payment of all of the moneys owing by the Company and the Guarantors under the terms of the Notes and the Trust Deed, and each other Transaction Document.

Real Property Mortgages

Each of the Company and the Guarantors agrees (with effect from Financial Close) to mortgage in favour of the Security Trustee all real property owned by the Company and the Guarantors to secure payment of all of the moneys owing under the terms of the Notes and the Trust Deed, and each other Transaction Document.

Mortgages of Lease

Each of the Company and the Guarantors agrees (with effect from Financial Close) to mortgage in favour of the Security Trustee all material leasehold interests held by it to secure payment of all of the moneys owing under the terms of the Notes and the Trust Deed, and each other Transaction Document.

8.15 Intercreditor Deed

As noted in Sections 8.6 and 8.7, each of the Company and the Guarantors have granted (or will grant with effect from completion of the Capital Raising) the Senior Securities (which secure the Senior Facilities), the Permitted Individual Securities granted in favour of NAB (which secure the NAB Asset Financing), Permitted Individual Securities granted in favour of HSBC (which secure the debtor financing facilities provided by HSBC), the

Collateral Securities (which secure the Notes) and the Shortfall Securities (which secure the Shortfall Debt).

The Intercreditor Deed, to be entered into with effect from completion of the Capital Raising, governs the priority arrangements between the Senior Securities, Permitted Individual Securities, Collateral Securities and Shortfall Securities, and regulates how and when they may be enforced. The form of the Intercreditor Deed has been agreed by the Senior Financiers, the Company and Arrovest. Its key provisions are set out as follows.

Ranking of securities

The Senior Securities, Permitted Individual Securities, Collateral Securities and Shortfall Securities in the following order of priority:

- (a) first:
 - (i) in respect of NAB, the Permitted Individual Securities granted to it over the relevant specific collateral the subject of its Permitted Individual Securities (for example, the assets that have been financed) up to the amount owed to NAB under the NAB Asset Financing; and
 - (ii) in respect of HSBC, the Permitted Individual Securities granted to it over the relevant specific collateral the subject of its Permitted Individual Securities (for example, the receivables sold) up to the amount owed to HSBC under the debtor financing facilities;
- (b) second, the Senior Securities in relation to:
 - (i) amounts owed under the Senior Facilities; and
 - (ii) any shortfall owed to HSBC arising as a result of non-payment of amounts owing under the Permitted Full Recourse Debtor Financing with HSBC;
- (c) third, the Collateral Security in relation to all amounts owed under the Notes; and
- (d) fourth, the Shortfall Security in relation to the Shortfall Debt.

Standstill Period and enforcement action

The Intercreditor Deed provides for limited standstill periods following an event of default (however described under any of the Senior Group Facilities and/or Transaction Documents). The standstill period is for 90 days (and 120 days for less material events of default) (**Standstill Period**). During a Standstill Period, most enforcement action by any of the Senior Security Trustee, Shortfall Security Trustee, NAB and HSBC is restricted. There are limited exceptions to this restriction, relating to where an insolvency event (as that term is defined in the Intercreditor Deed) has occurred, or there is a breach of AML/CTF requirements (in which case, the Senior Financiers may, among other things, accelerate amounts outstanding, make demands, set-off and close out positions and submit proofs of debt).

Enforcement action may be taken by the Security Trustee (acting on the instructions of the Majority Noteholders) under the Collateral Securities during the Standstill Period, which prevails over any other enforcement action taken by any of the Senior Security Trustee, NAB, HSBC or the Shortfall Security Trustee. The Security Trustee has obligations under the Intercreditor Deed to provide notice to the Senior Financiers and to consult with them in good faith. Notwithstanding that the Security Trustee may take

enforcement action on behalf of the Noteholders, it must apply the proceeds of enforcement in accordance with the priority regime described above.

Upon expiry of any Standstill Period (and in other limited circumstances where the Security Trustee has elected not to proceed with enforcement action initiated by it), the Senior Security Trustee, NAB and HSBC (and in some limited circumstances, the Shortfall Security Trustee) may take enforcement action. However, if at the end of the Standstill Period, a controller appointed by the Trustee or Security Trustee is diligently and actively pursuing an enforcement action, the restriction on enforcement may continue for up to 6 months from the date the Security Trustee commenced such enforcement action.

During any Standstill Period, no voluntary repayment of amounts owed in respect of the Notes may be made, no cash interest on the Notes may be paid, no Dividends may be made by the Company and the Senior Facilities may only be drawn with the consent of the Senior Financiers (provided that there are some limited circumstances where existing loans and letters of credit may be rolled or renewed (as applicable) without consent). In respect of HSBC's debtor financing facilities, these may continue to be drawn during the Standstill Period provided there is no increase in the net amount drawn but HSBC has the right to give notice (on at least 90 days' notice, and in some limited circumstances up to 180 days' notice) to terminate those facilities.

Buy-out right

The Trustee on behalf of a Noteholder (a **Purchasing Noteholder**) may, while a material event of default is subsisting, by giving not less than 15 days' notice to each Senior Financier, require the transfer to such Purchasing Noteholder (or its nominee) of all, but not part, of the rights, benefits and obligations in respect of all Senior Group Facilities, for par value. Where more than one Noteholder wishes to be a Purchasing Noteholder, they may participate pro rata in the buy out.

8.16 Options

Subject to obtaining the Shareholder Approvals in relation to the Recapitalisation, the Company intends to also offer approximately 40.8 million ASX-listed options (**Options**) to acquire Shares on a pro-rata basis to the Company's Shareholders (excluding Arrovest) who are registered as at the date on which voting entitlements in respect of the Shareholder Approvals are determined. The Company intends to raise up to a maximum of \$40 million from the Options. The exercise price of an Option is expected to be \$0.98 with an expiry date of 6 years after the issue date. There will be no payment initially required to acquire the Options and it is intended that the Options will be tradeable on the ASX. Payment will be required on exercise. The Company will prepare a separate prospectus for the Options, which will be made available to Shareholders if the Shareholder Approvals are obtained. The primary purpose for offering the Options is to provide potential future equity participation in the Company, given not all shareholders may be eligible to participate in the Notes.

8.17 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. Since the end of the 2020 financial year, the Company has acquired goods and services under those disclosed related party transactions from those related parties.

During FY21, Leppington Pastoral Co Pty Ltd (**LPC**) provided on arms' length terms with input from external consultants a limited indemnity to the Directors and Officers where sufficient Directors and Officers insurance was unable to be obtained from third party

insurers. The Company has agreed to pay LPC a fee of \$496,995 for Q1 FY21 and a fee that is to be benchmarked by third party consultants Q2 FY21 and other further periods in relation to such arrangements. Details of those fees, once agreed, will be set out in the Company's next quarterly reporting to ASX.

Details of certain other related party arrangements are set out in the Investor Presentation set out in Section 4.

In addition, Michael Perich has resigned as a director from all Perich-related parties which conduct business with the Company, except Arrovest.

8.18 Change of name

On 17 December 2020, the Company announced the sale of its cereal and snacks business to the Arnott's Group. Under the sale terms, the Company is required to change its corporate name within one year of the sale of the Freedom Foods cereals brand. The Company intends to seek Shareholder approval to adopt a new name at its FY21 annual general meeting.

8.19 Representations by acceptance in respect of Wholesale Investor Offer

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

- (a) are an Eligible Investor;
- (b) have read and understand this Prospectus and the Application Form in their entirety;
- (c) agree to be bound by the terms of the Wholesale Investor Offer or the Placement, the provisions of this Prospectus, the Transaction Documents and the Constitution;
- (d) authorise the Company to register you as the holder(s) of Notes 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 or any payment of Application Monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (h) agree to apply for and be issued up to the number of Notes specified in the Application Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per Note;
- (i) authorise the Company, Link and their respective officers or agents to do anything on your behalf necessary for the Notes 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 and agree that:

- (i) eligibility of investors for the purposes of the Wholesale Investor Offer is determined by reference to a number of matters, including the discretion of the Company;
- (ii) the Company, its related bodies corporate and affiliates, and its Directors, officers, partners, employees and agents disclaim any duty or liability (including negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- (k) acknowledge that the information contained in this Prospectus and your Application Form is not investment advice nor a recommendation that the Notes are suitable for you given your investment objectives, financial situation or particular needs;
- (l) acknowledge the statement of risks included in Section 7 of this Prospectus, and that investments in the Notes are subject to risk;
- (m) 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, nor do they guarantee the repayment of capital or any amounts under the Notes;
- (n) agree to provide any requested substantiation of your eligibility to participate in the Wholesale Investor Offer;
- (o) authorise the Company to correct any errors in your Application Form or other form provided by you;
- (p) 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 Wholesale Investor Offer either directly or through a nominee, are not an Ineligible Investor and are otherwise eligible to participate in the Wholesale Investor Offer;
- (q) 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 Notes and that you are otherwise eligible to participate in the Wholesale Investor Offer;
- (r) you understand and acknowledge that the Notes and the 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 Notes and the 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, if you are outside the United States, that you are subscribing for or purchasing Notes outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- (t) represent and warrant that if, in the future, you decide to sell or otherwise transfer any Notes or Shares, you will only do so in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act, including in a standard (regular way) brokered transaction on the ASX, 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, a person in the United States, in accordance with Regulation S under the US Securities Act;

- (u) represent and warrant that you have not, and will not, send this Prospectus, the Application Form or any other materials relating to the Wholesale Investor Offer to any person in the United States or any other country outside Australia; and
- (v) represents and warrants that you are not an Offshore Associate of the Company.

8.20 Foreign selling restrictions

This Prospectus does not constitute an offer of Notes in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Notes may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Notes and the underlying Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Notes and the underlying Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes and the underlying Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Notes and underlying Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the “FMC Act”). The Notes and the underlying Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Notes and the underlying Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes and underlying Shares, may not be issued, circulated or distributed, nor may the Notes and underlying Shares 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 document has been given to you on the basis that you are (i) an “institutional investor” (as defined in the SFA) or (ii) an “accredited investor” (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the Notes and the underlying Shares.

The Notes and the underlying Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Notes and the underlying Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling

within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Notes and underlying Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Notes and 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.

The Notes and underlying Shares will only be offered and sold in the United States to:

- institutional accredited investors (as defined in Rule 501(a)(1), (2), (3) and (7) under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

8.21 Remuneration of the Trustee, Security Trustee, Note Registrar and the Paying Agent

Under the Trust Deed, Security Trust Deed and the ARS Agreement, the Company is required to pay an agreed fee to the Trustee, Security Trustee, Note Registrar and the Paying Agent (respectively) for services performed under the Transaction Documents.

The Company has agreed to pay:

- (a) a one-off acceptance fee of \$5,000 (excluding GST); and
- (b) a fee of \$25,000 per annum (excluding GST) to act as Trustee, Note Registrar and Paying Agent and perform its role under the Trust Deed and ARS Agreement (as applicable); and
- (c) a fee of \$20,000 per annum (excluding GST) to act as Security Trustee and perform its role under the Security Trust Deed.

8.22 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 Capital Raising; 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 Capital Raising.

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 Capital Raising.

Interests of Directors – existing security interests

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

Director	Number of Shares	Voting power in the Company's Shares
Genevieve Gregor	23,500	0.01%
Tony M. Perich AM	145,556,000	52.53%
Jane McKellar	1,605	0.00%
Timothy Bryan	54,126	0.02%
Stuart Black AM*	Nil	Nil

**Appointment effective 22 March 2021*

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

Director remuneration

The Directors are to be paid or provided remuneration for their services at a fixed sum determined by the Board. However, the remuneration for non-executive Directors must not exceed the total amount fixed by the Company at a general meeting, being \$1,050,000 which was last approved by Shareholders at the 2019 Annual General Meeting.

To align director interests with shareholder interests, the Directors are encouraged to hold shares in the Company. The current shareholdings of each Director are set out in the table above.

Non-executive Directors do not receive performance-related remuneration. The Directors of the Company are entitled to a Directors' fee that consists of a base director fee, plus a committee fee for chairing a nominated Board subcommittee. All Director fees are inclusive of statutory superannuation.

The Company's existing executive incentive plan allows the Company to grant a range of different salary sacrifice share scheme interests to all Directors (excluding Tony M. Perich and his alternates), although no arrangements have been put in place to date.

From time to time, the Board may deem it to be acceptable for past Directors to be engaged and paid as consultants to assist the Company. From time to time, the Board may also deem it appropriate for Directors to receive Company securities as consideration for work performed over-and-above the typical duties of a Director.

Pursuant to the Constitution, the Company will also pay Directors all reasonable travel and other expenses properly incurred in attending Board meetings or otherwise in the execution of their duties as Directors.

The table below sets out the annual board and committee fees payable to non-executive Directors in the two years before lodgement of the Prospectus. In addition, the Company engaged an external adviser to provide input in the process of reviewing non-executive Director remuneration and benchmarking against market practice. As a result, the Board has resolved to revise the remuneration arrangements for non-executive Directors, with some changes taking effect from the Company's AGM on 29 January 2021, and other changes taking effect from 1 July 2021.

In response to the impact of the COVID-19 pandemic, the Board determined to reduce its base fees by 20% for the period commencing 1 July 2020 to 30 June 2021.

The following annual base and committee fees are payable to Directors:

	Period			
Position	Prior to 1 July 2020	1 July 2020 – 28 January 2021 ¹	29 January 2021 – 30 June 2021	From 1 July 2021 ⁴
Chair of the Board	\$157,500	\$126,000	\$200,000 ²	\$250,000 ²
Deputy Chair of the Board	\$147,500	\$118,000	\$140,000 ³	\$175,000 ³
Other Non-Executive Directors	\$137,500	\$110,000	\$110,000	\$137,500

¹ Fees from 1 July 2020 to 30 June 2021 reflect a 20% reduction in total fees

² From 29 January 2021, the Board approved a Board Chair fee of \$250,000 before 20% discount

³ From 29 January 2021, the Board has approved a Deputy Chair fee of \$175,000 before 20% discount

⁴ From 1 July 2021, the 20% discount will be removed, with annual director fees to revert to full value

In addition to base fees and committee fees provided to Directors, the Board may from time to time deem it appropriate to provide additional fees to Directors through a per-diem rate in recognition of contribution over-and-above the typical duties of a director.

In recognition of the significant additional contribution made during FY21 and their key roles as part of the recapitalisation process, the Board has determined to pay additional fees of \$300,000 to the Board Chair (Genevieve Gregor) and \$150,000 to the Chair of the People and Culture Committee (Jane McKellar).

Additional fees are in recognition of days worked by Ms Gregor and Ms McKellar during the Recapitalisation process above those typically required of a director.

Genevieve Gregor and Jane McKellar have agreed to invest the after-tax amount of the additional fees to acquire Notes under the Wholesale Investor Offer.

No retirement benefits are paid other than the statutory superannuation contributions required under Australian superannuation guarantee legislation.

Total fees paid to non-executive Directors for FY20 was \$702,172. The table below sets out the Directors' remuneration paid in FY20, for those Directors who are Directors as at the date of this Prospectus:

Director	Director Fees paid FY20 (\$)	Superannuation FY20 (\$)	Total FY20 (\$)
Genevieve Gregor*	\$41,798	\$3,971	\$45,769
Tony M. Perich AM	\$134,703	\$12,797	\$147,500
Jane McKellar**	\$18,522	\$1,760	\$20,282
Timothy Bryan***	\$18,809	\$1,787	\$20,596

*Genevieve Gregor was appointed as an independent non-executive Director effective 4 March 2020 and her remuneration reflects time in the role.

**Jane McKellar was appointed as an independent non-executive Director effective 8 May 2020 and her remuneration reflects time in the role.

***Timothy Bryan was appointed as an alternate director to Tony Perich and Ron Perich in December 2019. He was elected to the Board as a Director on 29 January 2021.

Note: As of 25 February 2021, Directors who sit as chair on the Board's various subcommittees are paid an additional \$10,000. This includes Jane McKellar (People and Culture), Timothy Bryan (Risk and Compliance) and Stuart Black (Finance and Audit). This was ratified by the Board following the Company's AGM on 29 January 2021.

Intentions of Directors

The Directors (or their associated entities) intend to participate in the Wholesale Investor Offer as follows:

Director	Intention to apply for Notes under the Placement or Wholesale Investor Offer
Genevieve Gregor	Ms Gregor has committed to subscribe for Notes up to the after-tax amount of the additional director fees determined by the Board to be paid in respect of FY21 (expected to be approximately \$150,000).
Tony M. Perich AM	Arrovest has committed to subscribe for \$200 million of Notes (subject to a scale back) as described in Sections 2.5 and 8.6. Mr Perich holds more than 20% of the voting power of Arrovest and therefore has a relevant interest in the shares held by Arrovest in the Company by virtue of section 608(3) of the Corporations Act.
Jane McKellar	Ms McKellar has committed to subscribe for Notes up to the after-tax amount of the additional director fees determined by the Board to be paid in respect of FY21 (expected to be approximately \$75,000).
Timothy Bryan	Mr Bryan has indicated that he will subscribe for \$25,000 in Notes via Karooli Pty Ltd as trustee for the TB Bryan Family Trust.
Stuart Black AM	Mr Black has indicated that he will subscribe for \$25,000 in Notes via M.A. Clark Pty Ltd as trustee for the Chapman Eastway No. 4 Superannuation Fund.

The Company will seek all necessary Shareholder approvals at the Extraordinary General Meeting to permit Directors to participate in the Wholesale Investor Offer, including for the purposes of Listing Rule 10.11, and for Arrovest to be permitted to convert the Notes to

Shares, including for the purposes of Listing Rule 10.11 and item 7 of section 611 of the Corporations Act.

Holding of shares by Executive Management

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

Executive	Number of Shares
Michael Perich Michael Perich is a Director of Arrovest Pty Ltd, an entity holding a direct interest in the Company	145,556,000
Josée Lemoine	0
Justin Coss	0
Scott Standen	0

Executive remuneration

As noted in the Company's annual report for FY20, the Board is adopting a new Board, Executive and Employee Remuneration Framework for FY21 that aims to set employee and executive remuneration that is competitive and appropriate for the markets in which it operates. The Board has engaged a remuneration consultant to assist with a review of the Company's executive incentive arrangements, including in relation to an appropriate framework for short-term and long-term incentives in light of the proposed Recapitalisation. Negotiations regarding the appointment of prospective key management personnel are currently underway, and any remuneration arrangements communicated to such executives are all subject to approval by the Board before final invitation, or actual payment/allocation of equity.

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 Capital Raising.

8.23 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 Capital Raising,

(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 Capital Raising; and
- (f) the Capital Raising.

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 Capital Raising. The amounts below are exclusive of GST.

The Company has agreed to pay Arrovest certain legal expenses as detailed in Section 8.6.

Moelis Australia Advisory Pty Ltd has acted as Lead Manager to the Company in respect of the Capital Raising. The Company has agreed to pay an offer management fee equal to 1.2% of gross proceeds of the Wholesale Investor Offer for such services to the date of this Prospectus. A transaction fee of \$2.25 million is payable to Moelis Australia Advisory Pty Ltd on the date the Recapitalisation has completed.

Arnold Bloch Leibler has acted as Australian legal adviser to the Company in connection with the Capital Raising. The Company has agreed to pay approximately \$2 million (excluding GST and disbursements) for legal services in connection with the Recapitalisation (including the Capital Raising) 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.

PwC has acted as tax adviser to the Company in connection with the Capital Raising. The Company has agreed to pay \$150,000 (excluding GST) for such services to the date of this Prospectus. Further amounts may be paid to PwC in accordance with its usual time-based charges.

Fees payable to GLAS for acting as Trustee under the Trust Deed, Security Trustee under the Security Trust Deed and as Note Registrar and Paying Agent under the ARS Agreement are described in Section 8.21.

8.24 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
Majority Shareholder and commitment to participate in the Placement	Arrovest	Consent to be named and the descriptions of Arrovest in Sections 1 and 2.5.
Lead Manager	Moelis Australia	Consent to be named and for the inclusion of statements in this Prospectus in the form and context in which they appear
Australian legal adviser	Arnold Bloch Leibler	Consent to be named
Australian tax adviser	PwC	Consent to be named, inclusion of the tax summary in Section 6 and for the inclusion of statements in this Prospectus in the form and context in which they appear
Auditor	Deloitte Touche Tohmatsu	Consent to be named
GLAS (as Trustee under the Trust Deed, Security Trustee under the Security Trust Deed, Paying Agent and Note Registrar under the ARS Agreement)	GLAS	Consent to be named and for the inclusion of statements in this Prospectus in the form and context in which they appear
Link	Link Market Services Limited	Consent to be named
Pollen Consulting	Pollen Consulting	Consent to be named
LEK	LEK	Consent to be named
Incoming independent non-executive director	Stuart Black AM	Consent to be named

8.25 ASX waivers

ASX has granted the Company a waiver from Listing Rule 10.1 to permit Arrovest or an associate of Arrovest, Ms Genevieve Gregor, Ms Jane McKellar and Mr Tim Bryan to participate in the Wholesale Note Offer without obtaining Shareholder approval.

ASX has granted the waiver from Listing Rule 10.1 on the following conditions:

- (a) the material terms and conditions of the Notes and of the waiver being announced to the market;
- (b) the security documents must expressly provide that:
 - (i) the security for the Notes is limited to the funds due under the Notes;
 - (ii) the security for the Notes will be discharged when the funds due under the Notes have been repaid in full;
 - (iii) in the event that the security is enforced, the disposal of the Company's assets to Arrovest or an associate of Arrovest will be subject to Shareholder approval; and
 - (iv) if a receiver, receiver and manager or analogous person exercises any power of sale under the security, the assets of the Company must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of the sale distributed to Arrovest in accordance with its legal entitlements;
- (c) any variation to the terms of the financial accommodation or the security which advantages Arrovest or the Directors, disadvantages the Company in a material respect or is inconsistent with the terms of ASX's waiver must be subject to Shareholder approval under Listing Rule 10.1; and
- (d) for each year in which Notes remain on foot, a summary of the Note Terms and the security must be included in the related party disclosures of the Company's audited annual statements.

ASX has granted a number of confirmations in relation to the Capital Raising, including that the Note Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1.

8.26 Transaction costs of the Recapitalisation

The total transaction costs of the Capital Raising 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 \$10 million, depending on the level of Applications received under the Wholesale Investor Offer and the participation of Arrovest in the Placement. Refer to Section 5.5 for details of the overall fees and expenses associated with Recapitalisation.

8.27 Withdrawal of Wholesale Investor Offer and Placement

The Company and the Directors reserve the right to withdraw or vary all or part of the Wholesale Investor Offer and this Prospectus at any time prior to the issue of the Notes, including if the conditions under the Arrovest Commitment Letter are not satisfied or waived, as set out in Section 8.6. The Company may withdraw the Placement in accordance with the Arrovest Commitment Letter. If the Company withdraws the

Wholesale Investor Offer or the Placement, the Company will refund Application Monies in relation to the Notes not already issued in accordance with the Corporations Act and without payment of interest.

8.28 Privacy Disclosure Statement

If you apply for Notes, the Company, the Trustee, the Security Trustee, the Note Registrar, the Paying Agent and Link may collect, hold and use additional personal information about you.

Such information (including any SRN/HIN supplied on an Application Form) may be used to assess your acceptance of Notes, service your needs as a Shareholder and/or Noteholder, provide facilities and services that you request and carry out appropriate administration.

To do that, the Company, the Trustee, the Security Trustee, the Note Registrar, the Paying Agent and Link may disclose your personal information, for purposes related to your shareholding, to their agents, contractors or third party service providers to whom they outsource services in order to assess your acceptance of the Notes, 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 Note Registrar if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information the Company, Note Registrar or Link have about you, they will take steps to correct it. You can request access to your personal information by contacting the Note Registrar as follows:

Global Loan Agency Services Australia Specialist Activities Pty Limited

Level 26, 1 Bligh Street

Sydney NSW 2000

Tel: +61 2 8310 9975

8.29 Blue Diamond Growers dispute

Australian Proceeding

As previously notified to Shareholders on 30 September 2020, four Subsidiaries of the Company, including Freedom Foods Pty Ltd (**FFPL**) (the **Applicants**) instituted proceedings in the Federal Court of Australia (**Australian Proceeding**) against Blue Diamond Growers (**Blue Diamond**).

Blue Diamond and Freedom Foods Pty Ltd (**FFPL**), a Subsidiary of the Company, are party to a licence agreement pursuant to which Blue Diamond supplies and FFPL purchases almond base and Blue Diamond licences certain intellectual property rights to enable FFPL to manufacture and distribute Blue Diamond Almond Breeze products in

stipulated territories (**BD Agreement**). The BD Agreement includes certain restraints of trade on FFPL distributing and selling nut-based beverages.

FFPL sought, as part of the Australian Proceeding, among other orders, declaratory orders that:

- (a) none of the Applicants has breached the BD Agreement by manufacturing, packaging, selling and distributing almond milk products under the “MILKLAB” brand (**MILKLAB Almond Milk Products**) or non-organic private label almond milk products (**Private Label Almond Milk Products**);
- (b) none of the Applicants is required, under the BD Agreement, to obtain almond base ingredients exclusively from Blue Diamond for the manufacture of MILKLAB Almond Milk Products or Private Label Almond Milk Products;
- (c) relevant provisions in the BD Agreement are invalid and of no effect, including a provision which restrains FFPL from selling any non-organic nut beverage other than Blue Diamond’s products;
- (d) the BD Agreement is a franchise agreement under the Franchising Code of Conduct (**Code**); and
- (e) Blue Diamond has breached its obligations under the Code to act in good faith and has engaged in unconscionable conduct and misleading and deceptive conduct contrary to the Australian Consumer Law.

In addition, FFPL and the other Applicants sought damages as part of the Australian Proceeding.

In the Australian Proceeding, FFPL also filed an interlocutory application seeking ‘anti-suit’ orders to restrain (on an interim or final basis) Blue Diamond from prosecuting, continuing with or taking any step in the Californian Arbitration and the US Court Proceeding (see below). In response, Blue Diamond filed an interlocutory application seeking a stay of the Australian Proceeding under the *International Arbitration Act 1974* (Cth).

On 5 March 2021, the Federal Court of Australia determined that the BD Agreement was not a franchise agreement and ordered a stay of the Australian Proceedings under the *International Arbitration Act 1974* (Cth) on the following conditions:

- (f) Blue Diamond will consent to the second applicant (Freedom Foods Group Ingleburn Pty Ltd), the third applicant (Freedom Foods Group Trading Pty Ltd) and the fourth applicant (Pactum Australia Pty Ltd) joining the Californian Arbitration commenced by Blue Diamond against the first applicant (FFPL) on or about 25 September 2020;
- (g) in the Californian Arbitration, Blue Diamond will accept that:
 - (i) insofar as those provisions are applicable to the conduct of Blue Diamond alleged by the Applicants, sections 18 and 21 of the *Australian Consumer Law* (being Schedule 2 to the *Competition and Consumer Act 2010* (Cth)) are mandatory laws that the arbitrator must apply; and
 - (ii) Australian law is to be applied by the arbitrator in determining the Applicants’ claims under those provisions; and

- (h) Blue Diamond will discontinue the US Court Proceeding against FFPL in the United States District Court, Eastern District of California (with a view to bringing the claims in the Californian Arbitration).

Subject to the parties' rights to appeal the decision, the effect of the 5 March 2021 judgment is that all matters in dispute between the parties that were subject of three sets of proceedings in the United States and Australia will now be determined in the Californian Arbitration.

On 19 March 2021, four subsidiaries of the Company, including Freedom Foods Pty Ltd (**Freedom Applicants**) filed an application for leave to appeal against the orders and judgment of the Federal Court of Australia made on 5 March 2021. By the application for leave to appeal, the Freedom Applicants seek relief on appeal to overturn the stay and have its legal disputes with Blue Diamond heard and determined in the Federal Court of Australia rather than in the California arbitration.

Californian Arbitration

As noted above, Blue Diamond has instituted arbitral proceedings with the American Arbitration Association (**Californian Arbitration**) against FFPL. In the Californian Arbitration, Blue Diamond claims:

- (a) compensatory and general damages for breach of the BD Agreement, which Blue Diamond asserts to be at least US\$16 million;
- (b) orders restraining (on an interim and final basis) FFPL (and any entity acting on behalf of or in concert with FFPL) from, among other things:
 - (i) manufacturing or selling nut-based beverage products in Australia or New Zealand that are not Blue Diamond products, organic or private label products (including MILKLAB and Australia's Own non-organic, nut-based beverage products); and
 - (ii) purchasing non-organic almond base from sources other than Blue Diamond for the manufacture of non-organic, non-private label nut-based beverage products for sale in Australia and New Zealand; and
- (c) specific performance of the BD Agreement.

US Court Proceeding

Blue Diamond has also commenced judicial proceedings against FFPL in the United States District Court, Eastern District California for breach of an oral agreement Blue Diamond alleges was entered into by the parties around June 2019 (**US Court Proceeding**). These proceedings are substantially similar to the Californian Arbitration, but were instituted on the basis the alleged oral agreement was not governed by the arbitration provisions of the BD Agreement.

As a condition of the stay of the Australian Proceeding granted by the Federal Court of Australia on 5 March 2021, Blue Diamond undertook to discontinue the US Court Proceeding with a view to bringing those claims in the Californian Arbitration.

On 10 March 2021, Blue Diamond filed a notice of dismissal of the US Court Proceeding (Notice of Dismissal). The Notice of Dismissal states that Blue Diamond intends to assert the claims made in the US Court Proceeding in the Californian Arbitration.

FFPL is defending the claims made by Blue Diamond in the Californian Arbitration. Subject to any appeal against the Federal Court of Australia's decision made on 5 March

2021, FFPL intends to bring its claims that were the subject of the Australian Proceeding as part of its counterclaims in the Californian Arbitration.

Section 7.3 outlines the key risks associated with, and potential impact on the Company and the Group of the Australian Proceeding, Californian Arbitration, US Court Proceeding, the remedies and orders sought in relation to each such proceedings.

8.30 Class Actions

On 7 December 2020, Slater & Gordon, on behalf of shareholders of the Company, commenced a class action against the Company and its auditors, Deloitte Touche Tohmatsu (**Deloitte**). The class action is brought on behalf of shareholders who acquired securities in the Company between 7 December 2014 and 24 June 2020, excluding shareholders which are associated with or related to the Company or Deloitte.

On 19 February 2021, Phi Finney McDonald, on behalf of shareholders of the Company, commenced a second class action against the Company and Deloitte. This class action is also brought on behalf of shareholders who acquired securities in the Company between 7 December 2014 and 24 June 2020, excluding shareholders who are associated with or related to the Company or Deloitte.

There is a risk that shareholders may initiate other class action claims against the Company arising from different matters or seeking to prosecute the same issues as in the Slater & Gordon and Phi Finney McDonald class actions but for a more limited group of shareholders or time period.

Each of the class actions allege that the Company has breached its continuous disclosure obligations under the Corporations Act and/or ASX Listing Rules and/or has made misleading and deceptive statements in contravention of the Corporations Act, the *Australian Consumer Law* and the ASIC Act. Those breaches allegedly arise from disclosures made by the Company in financial statements issued by it in the period from financial year 2014 to the half year ending 31 December 2019 and in documents issued in connection with equity raisings.

Following the commencement of the second class action, orders were made in the Slater & Gordon proceeding that the two plaintiff law firms confer with a view to determining a proposal as to how the two competing class actions will proceed. No timetable has yet been fixed for either class action.

Given the stage of these proceedings, it is not currently possible to determine what the financial impact of such proceedings, if any, may be for the Company. It is also not currently possible to determine whether other class actions or proceedings may be commenced and what the financial impact, if any, of those may be for the Company.

8.31 ASIC Investigation

ASIC has commenced an investigation under section 13 of the ASIC Act, in relation to suspected breaches of or offences committed under the Corporations Act (including continuous disclosure and financial reporting obligations) by the Company and the officers and directors of the Company between 1 July 2014 and 30 June 2020 (**ASIC Investigation**).

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 continues to cooperate with ASIC in relation to the ASIC Investigation and produce materials and information as requested. As far as the Company is aware, the ASIC Investigation has not been concluded as at the date of this Prospectus.

8.32 Preliminary negotiations in relation to sale of interest in JLL

Freedom Foods (China) Pty Ltd (“**FFCPL**”), a subsidiary of the Company, is in preliminary discussions with Shenzhen Jia Li Le Co. Limited (“**JLL**”) and Guangzhou Langfeng Investment Co. Ltd (“**Langfeng**”) in relation to a potential sale of FFCPL’s 10% shareholding in JLL to Langfeng. The parties are also in preliminary discussions regarding the replacement of existing milk supply arrangements with new supply terms. The commercial terms are still being negotiated and remain incomplete, and FFCPL has not yet agreed to sell its JLL shareholding or enter new supply terms.

8.33 Tax matters

In the course of preparing for the Company’s dispute with Blue Diamond, the Company has sought to examine the broader implications, including taxation issues, under the Blue Diamond licence agreement. Relevant to that examination, certain findings were recently made by His Honour Justice Moshinsky in relation to the price payable per pound by the Group to Blue Diamond Growers under the Blue Diamond licence agreement (his Honour found that the price payable per pound for almond paste under that agreement was not a genuine wholesale price). If the gross price payable to Blue Diamond under the licence agreement for almond paste supplied under that agreement is found to also constitute consideration for the use of certain intangible assets (ie the use of Blue Diamond’s intellectual property), then it may constitute an embedded royalty for the purposes of Australian taxation laws. Accordingly, there is a risk that the Australian Commissioner of Taxation may seek to unbundle the gross consideration paid for supplies under that licence agreement into component parts. To the extent such components include an embedded royalty, then:

- (a) under the *Income Tax Assessment Act 1936* (Cth) and in accordance with the Australia-US Double Tax Agreement, Blue Diamond is liable to pay a withholding tax (at a rate of 5%) on that embedded royalty; and
- (b) under the collection regime in the *Taxation Administration Act 1953* (Cth) the Group had an obligation to withhold the relevant amount of withholding tax from the payments made to Blue Diamond, and pay that amount to the ATO, and lodge relevant PAYG reports (the ATO also has the option of seeking to collect that tax directly from Blue Diamond).

A failure to withhold that tax (if any) makes the Group liable to a penalty equal to the amount that should have been withheld, and interest on that amount. Penalties may also be imposed for failure to lodge PAYG reports if they were required. In addition, the Group will be denied a tax deduction for the putative royalty amount until the withholding amount (or penalty equal to that) is paid to the ATO. Accordingly, there is also a risk that any adjustments to past years tax deductions may give rise to a liability to an income tax shortfall in some years, along with potential administrative penalties and interest on the tax shortfall. To date, the Company has not withheld, or paid to the ATO, any withholding tax on any component of the price payable to Blue Diamond under the licence agreement (and has deducted the full amount paid to Blue Diamond), and the Company is seeking expert advice on what (if any) the embedded royalty component of that price is and how the Commissioner would quantify that royalty. The assessment of whether there is embedded royalty, and any quantification of it, is still at a preliminary stage, and is continuing. Accordingly, it is not possible at this stage to determine with any accuracy what amount of tax, penalties and interest may be payable, although such amount may be significant. If any tax on embedded royalties is payable, the Company would seek

recompense from Blue Diamond in relation to any tax paid by the Company. The Company intends to proactively engage with the ATO and has had an initial discussion with the ATO on the matter.

8.34 Reinstatement of Shares on ASX

The Company's Shares went into trading halt on 24 June 2020 and have remained in voluntary suspension since 25 June 2020. The Company has requested ASX to reinstate trading in the Company's Shares, which is expected to occur with effect from the commencement of trading on 22 March 2021

8.35 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. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.36 Governing law

This Prospectus and the contracts which arise on acceptance of Application Forms 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.

8.37 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: 19 March 2021

9 Note Terms

This Section 9 sets out a detailed summary of the Note Terms. A full copy of the Note Terms is annexed in Schedule 1 of the Trust Deed.

For the purposes of this Section 9 and the Note Terms, **Transaction Documents** include the Trust Deed, each Note, the Security Trust Deed and each Collateral Security (as each of those terms are defined in the Note Terms).

9.1 What are the Notes?

The Notes are redeemable convertible notes of the Company and are issued under the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the applicable Transaction Documents and these Note Terms.

The Notes at all times constitute direct and secured debt obligations of the Company. The Notes are secured by the security interests granted by the Company and the Australian Guarantors to the Security Trustee under the Collateral Securities.

9.2 Who is the issuer of the Notes?

The Company is the issuer of the Notes.

9.3 What is the Issue Price of the Notes?

Each Note will be issued by the Company at an issue price of \$1.00 (the **Issue Price**). The Issue Price must be paid in full on application.

9.4 What is the currency of the Notes?

The Notes are dominated in Australian dollars.

9.5 No certificates

No certificates will be issued to Noteholders for the Notes, unless the Company determines that certificates should be available or are required by any applicable law.

9.6 Non-quotation of the Notes

The Notes will not be quoted on ASX or other securities exchange.

9.7 What rights are attached to the Notes?

The Notes do not confer on Noteholders a right to:

- (a) vote at any meeting of members of the Company;
- (b) subscribe or participate in any new issue of securities by the Company; or
- (c) otherwise participate in the profits or property of the Company, except as set out in the Note Terms or the Transaction Documents.

If an amendment to the Note Terms will materially and adversely affect the rights of all Noteholders, a Special Resolution of Noteholders will be required.

If an amendment relates to an extension of the Maturity Date or reduction to payment amounts in respect of the Notes, a Super Resolution of Noteholders will be required.

9.8 What Security has been granted to Noteholders?

The Notes are secured by the security interests granted by the Company and its Australian Subsidiaries to the Security Trustee under the Collateral Securities. The Security Trustee holds the rights under the Collateral Securities on trust for the benefit of itself, the Trustee and the Noteholders in accordance with the terms of the applicable Transaction Documents. The Collateral Securities are substantially the same as the securities granted to secure the Senior Facilities.

An Intercreditor Deed has been entered into which will govern the way in which competing security interests will rank in priority, and how that security can be enforced. See Section 8.15 for a summary of the Intercreditor Deed.

9.9 Where do the Notes rank in the event of a Winding Up of the Company?

In the event of a Winding Up of the Company, each Note ranks:

- (a) after all Priority Permitted Debt;
- (b) equally with each other Note, and any other Permitted Debt which the Majority Noteholders agree ranks equally with the Notes;
- (c) ahead of all Shortfall Debt;
- (d) ahead of all other Permitted Debt not otherwise covered above;
- (e) ahead of all present and future unsubordinated and unsecured debt obligations of the Company, subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law; and
- (f) ahead of all Shares.

Details of what constitutes Priority Permitted Debt and other Permitted Debt is set out in Section 8.9.

9.10 Can the Notes be transferred?

Yes. A Noteholder may transfer any Notes by delivery of the Note certificate issued in respect of that Note, with a duly executed transfer form, to the specified office of the Note Registrar for registration (along with all other information required by the Issuer and/or the Note Registrar to effect the transfer and administer the Notes, including in accordance with their appointment as Note Registrar).

Notes may only be transferred if the offer or invitation for the transfer, sale or purchase of the Notes is received by a person:

- (a) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative current and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and

- (b) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

9.11 When is the Maturity Date?

Six years from the Issue Date.

9.12 What is the Conversion Price?

If the Notes are Converted into Shares, the number of Shares issued on Conversion will be calculated by dividing the Equity Conversion Amount by the Conversion Price.

The Conversion Price for each Note is \$0.70, which may be adjusted in accordance with the Note Terms including adjustments for reorganisations, dividends, rights issues and bonus issues and capital returns.

9.13 How does interest accrue, and when is it payable?

The Company must either pay or capitalise (to the extent then able to be capitalised) the interest payable on the Notes quarterly.

Interest will accrue daily on the Face Value of the Notes and will be paid, at the Company's election, in the following ways:

- (a) for any Interest Period beginning in the term of 30 months from the Issue Date:
 - (i) entirely in cash (**Cash Interest**);
 - (ii) entirely by increasing the principal amount of the outstanding Notes by an amount equal to interest for the applicable Interest Period (**PIK Interest**); or
 - (iii) by paying a proportion in cash and the balance of accrued interest by increasing the principal amount of the outstanding Notes by that amount (**Initial Combination Interest**);
- (b) for any Interest Period beginning after the term of 30 months from the Issue Date:
 - (i) entirely in cash; or
 - (ii) by paying the interest partly in cash (**Partial Cash Interest**) and partly by increasing the principal amount of the outstanding Notes (**Partial PIK Interest**), in accordance with the Note Terms.

The amount of Interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest payable} = \frac{\text{Interest Rate} \times \text{Face Value} \times N}{365}$$

Where:

N means, in respect of:

- (i) the first Interest Payment Date of a Note, the number of days from (and including) its Issue Date to (but excluding) that first Interest Payment Date; and

- (ii) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date, Conversion Date or Redemption Date.

9.14 What interest is payable on the Notes?

The Note Terms set out a formula for the calculation of Interest payable on the Notes.

Subject to a reduction to the amount of Interest payable where the Company has issued a Relevant Disputes Notice:

- (a) Cash Interest on the Notes will accrue at a rate of 7.00% per annum and be payable in cash;
- (b) PIK Interest on the Notes will accrue at a rate of 8.5% per annum;
- (c) Initial Combination Interest on the Notes will accrue at a rate of 8.5% per annum and may be paid in whatever proportion of cash and by increasing the principal outstanding as the Company elects (by notice to the Trustee with a copy to the Paying Agent in writing);
- (d) Partial Cash Interest on the Notes will accrue at a rate of 5% per annum and be payable in cash; and
- (e) Partial PIK Interest on the Notes will accrue at a rate of 3.5% per annum and be payable by increasing the principal amount of the outstanding Notes by an amount equal to the Partial PIK Interest for the applicable Interest Period.

If the Company has issued a Relevant Disputes Notice:

- (f) each of the Cash Interest, PIK Interest and Initial Combination Interest will reduce by 1.00% per annum; and
- (g) the Partial Cash Interest and Partial PIK Interest will (in aggregate) reduce by 1.00% per annum, on and from the date on which the Relevant Dispute Notice has been issued,

in relation to those Notes which are, at the relevant time, Convertible into Shares.

9.15 When does default interest apply and what is the rate?

If an amount is not paid under the Note Terms on or before the due date, interest accrues on the unpaid amount at 2% per annum from the due date to (but excluding) the date on which payment is made to the Noteholder of the full unpaid amount.

9.16 Can the Company change how it pays Interest?

The Company may in its absolute discretion elect at any time to pay in cash any interest that had previously been paid in kind (being PIK Interest and Partial PIK Interest). The payment of Interest in this way will not constitute a partial voluntary redemption of the Notes.

9.17 When can the Notes be Cash-Settled?

The Notes can only be converted on an Equity Settled basis once the Shareholder Approvals are obtained. If the Shareholder Approvals are not obtained, the Notes will remain Convertible only on a Cash-Settled basis until the relevant Shareholder Approvals are obtained.

9.18 How is the Cash-Settled Conversion calculated?

Subject to the Note Terms, until the required Shareholder Approvals are obtained, the Noteholder has the right in certain circumstances (a **Cash-Settled Conversion Right**) to notionally convert the aggregate Face Value of all of its Notes which will be settled in cash on Conversion calculated as the number of Shares that would be issued to the Noteholder if its Notes were able to be Converted to Shares, multiplied by a price per Share determined in accordance with the Note Terms.

9.19 How are the Notes Cash-Settled?

A Noteholder may elect to exercise its Cash-Settled Conversion Right in respect of all of its Notes by giving the Trustee (with a copy to the Note Registrar) notice in writing of its intention to Convert (**Cash-Settled Conversion Notice**), but only in the following circumstances:

- (a) upon receipt of an Exit Notice;
- (b) upon receipt from the Company of an Early Redemption Notice; or
- (c) in the 12 months prior to the Maturity Date, during the 45 day period on and from the date the Company releases whichever of the following is first provided to ASX in the 12 months prior to the Maturity Date:
 - (i) its full year financial results (Appendix 4E); or
 - (ii) its half year financial results (Appendix 4D),

and provided, in each case, that the Shareholder Approvals have not been obtained prior to receipt by the Company of a Cash-Settled Conversion Notice by a Noteholder.

9.20 What are the consequences of a Cash-Settled Conversion Notice?

Once a Cash-Settled Conversion Notice has been given to the Company:

- (a) the notice cannot be withdrawn without the written consent of the Company;
- (b) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes the subject of the Cash-Settled Conversion Notice; and
- (c) the Noteholder must provide such evidence of title to the Notes the subject of the Cash-Settled Conversion Notice as may be reasonably required by the Company and the Note Registrar.

9.21 What is the effect of the Notes being Cash-Settled?

Once Notes are Cash-Settled:

- (a) the Notes will be taken to have been Redeemed;

- (b) the Company must pay the Cash Settlement Amount to the Noteholder; and
- (c) upon payment of the Cash Settlement Amount, all other rights conferred or restrictions imposed by the Note under the Note Terms no longer have effect.

9.22 What happens to the Cash-Settled Conversion Right where the Shareholder Approvals expire?

In circumstances where:

- (a) the Shareholder Approvals are obtained;
- (b) the Shareholder Approvals are determined by a Court or regulator to have expired or no longer be in effect, or have otherwise expired or lapsed; and
- (c) the expiry of the Shareholder Approval was not caused by the actions of a Noteholder,

the Noteholders will be entitled to notionally Convert such number of Notes which are not capable of being Converted to Shares.

Moreover, in circumstances where the Shareholder Approvals are obtained and, as a result of a reconstruction of the Company's capital, Arrovest is unable to Convert some or all of its Notes which were otherwise approved by Shareholders to be Converted to Shares pursuant to item 7 of section 611 of the Corporations Act, Arrovest will be entitled to notionally Convert such number of Notes which are not capable of being Converted to Shares.

9.23 When can the Notes be Converted into Shares?

Subject to the Note Terms and the Company obtaining the Shareholder Approvals, a Noteholder has the right to Convert some or all of its Notes into a number of Shares (**Equity Conversion Right**) by giving the Trustee (with a copy to the Note Registrar) notice in writing of its intention to do so (**Equity Conversion Notice**).

The Face Value of the Notes the subject of an Equity Conversion Right must be at least the lesser of \$2,000 or the balance of the Noteholder's holding of the Notes.

9.24 What are the consequences of an Equity Conversion Notice?

Once an Equity Conversion Notice has been given to the Company:

- (a) the notice cannot be withdrawn without the written consent of the Company;
- (b) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes the subject of the Equity Conversion Notice; and
- (c) the Noteholder must provide such evidence of title to the Notes the subject of the Equity Conversion Notice as may be reasonably required by the Company and the Note Registrar.

An Equity Conversion Notice will not be effective if it is given less than 10 Business Days before the Maturity Date.

9.25 When will the Notes mandatorily Convert into Shares?

If, at any time, the aggregate of (without double counting):

- (a) the number of Notes that have Converted into Shares; and
- (b) the number of Notes that Noteholders have elected to Convert into Shares on the Equity Conversion Date (as that term is defined in the Note Terms),

equal or exceed 75% or more of the number of all Notes issued by the Company:

- (c) the remaining Notes will automatically Convert into Shares; and
- (d) each relevant Noteholder will be deemed to have provided to the Trustee and the Company an Equity Conversion Notice specifying that all of its remaining Notes are to be Converted into Shares.

9.26 What is the effect of the Notes being Converted into Shares?

On the Equity Conversion Date (as that term is defined in the Note Terms):

- (a) the Noteholder's Note will be taken to have been Redeemed, and the Noteholder will be taken to have agreed to pay the Equity Conversion Amount to the Company by way of subscription for new Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to \$0.70 (as adjusted under the Note Terms);
- (b) the Company will be taken to have issued to the Noteholder, and must register the Noteholder as the holder of, the Conversion Shares;
- (c) the Noteholder agrees to be registered as the holder of the Conversion Shares in the Company's register of members;
- (d) a holding notice in respect of the Conversion Shares is to be sent to the Noteholder at its registered address in respect of the relevant Notes;
- (e) the Company must use all reasonable endeavours to procure and maintain quotation of the Conversion Shares on ASX; and
- (f) upon the issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under the Note Terms will no longer have effect.

9.27 How will the Conversion Shares rank?

The Conversion Shares will be fully paid and will in all respects rank *pari passu* with all other fully paid Shares on issue on the relevant Equity Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Equity Conversion Date but for which the record date was prior to the Equity Conversion Date.

9.28 When will the Conversion Price be adjusted?

Adjustments to the Conversion Price will occur in any of the following circumstances:

- (a) if the Company or Subsidiary makes a pro rata issue or bonus issue (as those terms are defined under the ASX Listing Rules) of Shares to holders of Shares generally;
- (b) if the Company undertakes an off market buy-back under a buy-back scheme which, but for any applicable restrictions on transfer, would be generally available to holders of Shares (or otherwise cancels Shares for consideration);
- (c) if at any time the Company makes a pro rata return of capital to holders of Shares without cancellation of any Shares; or
- (d) where Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, subject to the ASX Listing Rules;

in accordance with the formulae specified in the Note Terms.

If the Company forms the opinion that the effect of any adjustments specified above are not appropriate, or where any other event occurs in relation to the Company that in the Company's opinion may have a dilutive or concentrative effect on the value of the Shares, the Company may make adjustments to the Conversion Price as it considers appropriate or necessary to maintain the relative value of Notes and the Shares and so that the Noteholder will not receive a benefit that Shareholders do not receive and so that Shareholders will not receive a benefit that the Noteholder does not receive, acting in good faith.

None of the Trustee, Security Trustee, Note Registrar or the Paying Agent is under any duty to monitor or ascertain whether any event or circumstance has happened to exists which may require an adjustment to be made to the Conversion Price.

9.29 What are the Shareholder Approvals?

Refer to Section 5.6 of this Prospectus.

As specified in the Note Terms, if Shareholders do not vote in favour of the Shareholder Approvals, the Majority Noteholders may require that the Company seek to obtain such Shareholder Approvals again at a further shareholder meeting.

9.30 When are the Notes scheduled to be Redeemed?

On the Maturity Date, each Note is Redeemable by the Company for the Makewhole Amount unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed; or
- (c) the Note has been purchased by the Company and cancelled.

If a Noteholder has issued a Cash-Settled Conversion Notice in respect of the Notes, the Company must pay to that Noteholder in respect of the Note the Cash Settlement Amount in lieu of Redemption.

9.31 When can the Notes be Redeemed early?

Subject to certain conditions in the Intercreditor Deed, the Company may voluntarily redeem the Notes at any time prior to the Maturity Date by giving at least 10 Business Days written notice to the Trustee, Note Registrar, Paying Agent and the Noteholders of

the intention of the Company to Redeem the Notes (**Early Redemption Notice**). The Intercreditor Deed requires that any voluntary redemption by the Company of the Notes is funded by fresh equity or is otherwise undertaken at the same that all Senior Group Facilities are repaid.

If a Noteholder delivers a Cash-Settled Conversion Notice for all of its Notes or Equity Conversion Notice for some or all of its Notes, the Cash-Settled Conversion Notice or Equity Conversion Notice will prevail for the Notes that are the subject of the Cash-Settled Conversion Notice or Equity Conversion Notice (as applicable).

9.32 What is an Exit Event?

An Exit Event is:

- (a) a Sale Event; or
- (b) a Change of Control Event.

The Company must provide written notice of any proposed Sale Event or Change of Control Event Trigger to the Trustee, Note Registrar, Paying Agent and the Noteholders (and where possible, subject to confidentiality obligations, at least 20 Business Days prior to the proposed Sale Event) (**Exit Notice**).

9.33 What information is contained in an Exit Notice?

An Exit Notice must:

- (a) specify the occurrence, or proposed occurrence, of the Exit Event;
- (b) specify the date on which the Exit Event occurred or is proposed to occur;
- (c) notify that each Noteholder (with a copy to the Trustee) may elect to either:
 - (i) Redeem all of its Notes on the Redemption Date specified in the Exit Notice (which must be no later than immediately prior to the Exit Event) at the applicable Makewhole Amount;
 - (ii) exercise its Cash-Settled Conversion Right (if applicable); or
 - (iii) exercise its Equity Conversion Right (if applicable);
- (d) enclose the form of the notice required to be given by a Noteholder if it elects to notify the Company that it wishes to have its Notes Redeemed on the Redemption Date specified in the Exit Notice (**Redemption Notice**); and
- (e) such other information relating to the Exit Event as the Trustee may reasonably require to be given to the Noteholders.

9.34 What can Noteholders do on the Trustee's receipt of an Exit Notice?

Each Noteholder may, upon its receipt of an Exit Notice:

- (a) until the Shareholder Approvals are obtained, exercise its Cash-Settled Conversion Right by delivering a Cash-Settled Conversion Notice for all of its Notes;

- (b) if the Shareholder Approvals are obtained, exercise its Equity Conversion Right by delivering an Equity Conversion Notice for some or all of its Notes at least 5 Business Days before the applicable Equity Conversion Date; or
- (c) notify the Company that it wishes to have its Notes Redeemed on the Redemption Date specified in the Exit Notice by delivering a Redemption Notice, in which case the Company must pay the applicable Makewhole Amount on that date.

9.35 What is the effect of a Redemption Notice?

Once a Noteholder provides a Redemption Notice to the Company:

- (a) the notice cannot be withdrawn without the written consent of the Company;
- (b) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes the subject of the Redemption Notice; and
- (c) the Noteholder must provide such evidence of title to the Notes the subject of the Redemption Notice as may be reasonably required by the Company and the Note Registrar.

If a Noteholder delivers a Redemption Notice for some or all of its Notes, the Redemption Notice will prevail for the Notes that are the subject of the Redemption Notice and those Notes will be Redeemed by the Company on the Redemption Date at the applicable Makewhole Amount.

9.36 Is the Company restricted from purchasing Notes?

Subject to compliance with any applicable law or requirement of ASX, the Company and any of its Related Bodies Corporate (or any third party nominated by the Company) may, at any time, purchase Notes in the open market or otherwise at any price agreed with one or more Noteholders.

9.37 What is the Makewhole Amount

Where the Redemption of Notes occurs at any time on or prior to the Maturity Date for any reason, the Company (unless Noteholders otherwise elect to Convert) must pay to the relevant Noteholders on the relevant Redemption Date, an amount calculated so that the total amount payable by the Company on Redemption is equal to the applicable percentage in the table below corresponding to the period in which the Redemption Date occurs multiplied by the aggregate of the Initial Face Value of the Notes being redeemed, less the amount of all Interest paid (but not capitalised) prior to the Redemption Date (**Makewhole Amount**).

Period following issuance of the Note in which Redemption occurs	Applicable makewhole percentage	Reduced Makewhole Percentage
Years 1 & 2	175%	165%
Years 3 & 4	185%	175%
Year 5	220%	210%

A worked example of how the Makewhole Amount is calculated is contained in Section 4.

9.38 When will the Makewhole Amount be reduced?

Reduction where Relevant Disputes have been resolved

Where the Company holds a reasonable belief (acting on legal advice provided by any legal or other professional adviser engaged or appointed by it) that all issues (including any actual or threatened litigation or other proceedings) associated with or arising from the matters the subject of a Disputes Undertaking (**Relevant Disputes**) have been fully and finally resolved, the Company may issue a notice (**Relevant Disputes Notice**) to the Trustee, the Note Registrar, the Paying Agent and the Noteholders

If the Company has issued a Relevant Disputes Notice and elects to Redeem the Notes at any time during the period commencing from the date which is 12 months following the date on which the Relevant Disputes Notice has been issued to the Trustee, then the applicable makewhole percentage which applies to the Makewhole Amount on the Redemption will reduce by 10% (**Reduced Makewhole Percentage**). The Reduced Makewhole Percentage is set out in the table included at Section 9.37.

Redemption amount where Majority Noteholders have not consented to resolution of a Relevant Dispute

If:

- (a) the Company has sought Majority Noteholders' consent to a bona fide proposed final and complete settlement and/or payment in relation to a Relevant Dispute which the Board has determined to approve (subject to obtaining Majority Noteholders' consent) and the Majority Noteholders have not provided such consent within 60 days of the request; and
- (b) the Company elects to Redeem the Notes at any time within the first 36 months following the date on which the initial Notes have been issued,

the amount payable on Redemption is an amount calculated as:

- (c) the Initial Face Value of the Notes; plus
- (d) the greater of:
 - (i) 12 months' Interest on the Initial Face Value of the Notes to be Redeemed (calculated at 8.5% per annum); and
 - (ii) 36 months' Interest on the Initial Face Value of the Notes to be Redeemed (calculated at 8.5% per annum) less any Cash Interest paid in respect of those Notes, including Cash Interest to be paid on the Redemption Date.

9.39 When does an Event of Default occur?

An Event of Default occurs in relation to the Notes if:

- (a) the Company fails to issue Shares on Conversion in accordance with the Note Terms within 10 Business Days after the date on which such issue is to be made;

- (b) the Company does not pay any amount due in respect of the Notes Terms within 5 Business Days after the date on which it is due and, where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within 2 Business Days;
- (c) a member of the Group fails to comply with any of the general undertakings stipulated in Section 9.43(d) and such failure remains unremedied for a period of 15 Business Days;
- (d) a member of the Group fails to comply with the covenants specified in Sections 9.43(d)(ii) or 9.43(e)(iii);
- (e) the Company fails to materially comply with any of its other obligations under the Note Terms or the Transaction Documents;
- (f) any Group Member has a controller appointed, or is in receivership, is in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property;
- (g) any other Insolvency Event occurs in respect of a member of the Group;
- (h) a final judgment or determination (including injunctive relief and an order for specific performance) is received in relation to any litigation, arbitration, administrative or government against any member of the Group or its assets which have, or has or is reasonably likely to have, a Material Adverse Effect;
- (i) any financial indebtedness in an amount exceeding \$10 million of the Group (or any member of the Group) is not paid when due nor within any applicable grace period or is declared to be due and payable prior to its specified maturity as a result of an event of default;
- (j) the Company's Shares cease to be quoted on ASX;
- (k) any security interest over an asset of the Group with a value greater than \$10 million is enforced;
- (l) the Company or a Guarantor ceases or suspends the conduct of its business or a substantial part of its business;
- (m) at any time, it is unlawful for the Company to perform any of its payment obligations under the Notes;
- (n) all or substantially all of the assets of the Group are resumed or compulsorily acquired by any Government Agency; or
- (o) all or any rights or obligations of the Company, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

Certain Events of Default have cure periods, as specified in the Note Terms.

9.40 What are the consequences of an Event of Default?

If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may, at its discretion:

- (a) declare by notice to the Company (with a copy to the Noteholders, the Note Registrar and the Paying Agent) that all the Notes are to be Redeemed for the Makewhole Amount;
- (b) take enforcement action against the Company and the relevant Group Member (as applicable) in relation to the Event of Default in accordance with the Transaction Documents.

The Trustee is not bound to take any action to enforce the obligations of the Company with respect to the Trust Deed or the Notes or any other proceeding or action pursuant to or in connection with the Transaction Documents unless:

- (c) it is indemnified and/or secured and/or prefunded, to its satisfaction, against all liabilities which may be incurred (including legal costs on a solicitor and own client basis) in connection with that action;
- (d) it is first placed in funds by the Company sufficient to cover the liabilities that it may incur as a result of doing so; and
- (e) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

9.41 What are the restrictions on the Trustee enforcing an Event of Default?

The Trustee must not take action to enforce the Event of Default as specified in Section 9.40 unless:

- (a) in respect of an Event of Default referred to in Sections 9.39(a), 9.39(b) or 9.39(f), it has been so directed by an MD Noteholders Resolution; or
- (b) in respect of an Event of Default referred to in Sections 9.39(c), 9.39(d), 9.39(e) or 9.39(g) to 9.39(o), it shall have been so directed by a Majority Noteholders Resolution.

If the Trustee forms the view (acting reasonably) that enforcement action directed by a MD Noteholders Resolution or a Majority Noteholders Resolution is or could be inconsistent with the Note Terms, the Transaction Documents, the Corporations Act or any applicable law, it must take steps to seek as soon as reasonably practicable a court direction or order to set aside or vary the direction given by a Majority Noteholders Resolution or MD Noteholders Resolution (as applicable), and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Majority Noteholders Resolution or MD Noteholders Resolution (as applicable).

Any enforcement by the Trustee or the Security Trustee of the Transaction Documents is subject to the Intercreditor Deed.

9.42 Can Noteholders enforce the Note Terms?

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and the Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed.

In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and the Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect of any amount due under the Notes held by it:

- (a) sue the Company;
- (b) obtain judgment against the Company; or
- (c) apply for or seek that the Company be wound up.

Any enforcement by the Trustee or the Security Trustee of the Transaction Documents is subject to the Intercreditor Deed.

9.43 What undertakings has the Company provided?

For so long as the Notes remain outstanding, the Company must and must procure that the Guarantors provide customary covenants and undertakings in respect of (but not limited to):

- (a) authorising the performance of its obligations under the Transaction Documents;
- (b) general obligations relating to complying with laws, maintenance of corporate existence, payment of taxes, insurances, mergers, maintenance of material assets, key supplier agreements and solvency;
- (c) seeking Noteholders' consent to any resolution or matter requiring Shareholder consent;
- (d) restrictions on the Company and its Subsidiaries, without the approval of a Special Resolution:
 - (i) agreeing to an asset sale or disposal where Shareholder consent is required under the ASX Listing Rules or Corporations Act, or a sale or disposition of assets worth more than 10% of the Group's gross assets per annum, subject to an aggregate cap of 25% of the Group's gross assets until all notes have been Converted or Redeemed (unless the sale or disposal is a Permitted Sale);
 - (ii) declaring or paying dividends in certain circumstances (including where defaults are subsisting, PIK Interest or Partial PIK Interest remains outstanding, or where net leverage is greater than 4.0x);
 - (iii) redeeming, purchasing, cancelling, reducing, returning capital or acquiring any share or other securities issued by a member of the Group for repayment or return of capital in a Winding Up;
 - (iv) providing financial accommodation or guarantees to any third party;
 - (v) incurring any Financial Indebtedness or agreeing to do so, except Permitted Debt;
 - (vi) issuing any Pari Passu Debt unless each Noteholder is entitled to participate pro rata in the issuance of that Pari Passu Debt;
 - (vii) creating new security interests over any assets of the Group;

- (e) restrictions on the Company and its Subsidiaries, without the approval of a Majority Noteholders Resolution:
 - (i) acquiring any asset or business where such acquisition requires Shareholder consent under the ASX Listing Rules and/or Corporations Act;
 - (ii) substantially changing the scope of the Company or Group's business;
 - (iii) agreeing or consenting to:
 - (A) any settlement or resolution of:
 - (1) *Nicholas Gehrke v Freedom Foods Group Limited & Deloitte Touche Tomatsu*, Supreme Court proceeding no. S ECI 2020 4505, filed on 7 December 2020;
 - (2) *Lester Buch v Freedom Foods Group Limited & Deloitte Touche Tomatsu*, Supreme Court proceeding no. S ECI 2021 00431, filed on 19 February 2021; or
 - (3) any same or similar shareholder class actions brought or threatened against the Company in respect of the same facts, matters or circumstances arising prior to the Issue Date,

where the Company and/or any other Group Member are required to contribute to payment of a settlement sum (other than where funded by contributions from third parties permitted under the Transaction Documents and/or insurance);
 - (B) any settlement agreement with, or any settlement or damages payment, to, Blue Diamond Growers or any variation to or replacement of the existing BD Agreement,
- (Disputes Undertaking); and
- (iv) entering into any hedging agreement other than in accordance with its hedging policy.

9.44 Can the Note Terms be amended without the consent of Noteholders?

At any time, and from time to time, but subject to clause 18.1 of the Trust Deed, the Note Terms may be modified, altered, cancelled, amended or added to (collectively **Modified**) at any time without the consent of Noteholders if such Modification is, in the opinion of the Trustee (acting reasonably):

- (a) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
- (b) necessary to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- (c) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority,

provided that, in each case, in the opinion of the Trustee (acting reasonably), such amendment is not materially prejudicial to the interests of the Noteholders as a whole.

In respect of a Modification sought by a party in reliance on any one of clauses 9.44(a) to 9.44(c), the Trustee may (without limiting its general rights under the Trust Deed) obtain an opinion from legal, taxation or accountancy advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Trustee (acting reasonably) and is addressed to or is otherwise able to be relied on by the Trustee, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (a) a Modification within the scope of any one or more clauses of 9.44(a) to 9.44(c); and
- (b) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

9.45 When can Noteholders amend the Note Terms?

Subject to the below provisos and clause 18.2 of the Trust Deed, the Note Terms may be Modified at any time if such Modification is authorised by a Majority Noteholders Resolution.

If:

- (a) the Trustee considers the Modification will be materially prejudicial to the interests of Noteholders of the Notes (taken as a whole) (including any approvals of acquisitions and dispositions), then the Modification must be authorised by a Special Resolution;
- (b) the Modification extends the Maturity Date, reduces the payment amounts in respect of the Notes or amends clause 18.3(c) of the Note Terms, then the Modification must be authorised by a Super Resolution.

If a clause of the Note Terms provide for Noteholders to give a direction to the Trustee:

- (a) by a Special Resolution, then that clause may only be Modified if such Modification is authorised by a Special Resolution; or
- (b) by a Super Resolution, then that clause may only be Modified if such Modification is authorised by a Super Resolution.

10 Glossary

The following definitions apply throughout this Prospectus unless the context requires otherwise.

1936 Act	means the <i>Income Tax Assessment Act 1936</i> (Cth).
1997 Act	means the <i>Income Tax Assessment Act 1997</i> (Cth).
ABN / ACN	means Australian Business Number / Australian Company Number.
Accounting Policies	means the accounting policies set out in the Company's FY20 Annual Report.
AGM	means the Company's annual general meeting, held on 29 January 2021.
Allotment Date	7 May 2021, being the date on which the Note allocations are finalised and the Notes are allotted under the Placement and Wholesale Investor Offer (and following the Extraordinary General Meeting).
AML/CTF	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
Applicant	means an Eligible Investor who lodges an Application.
Application	means a valid application for Notes under this Prospectus made via https://events.miraql.com/ffgl-offer .
Application Form	means an application form available at https://events.miraql.com/ffgl-offer and relating to the Wholesale Investor Offer.
Application Monies	means the amount payable on each Application, being the Issue Price multiplied by the number of Notes applied for.
Arrovest	means Arrovest Pty Ltd ACN 117 953 205.
Arrovest Commitment Letter	means the commitment letter between Arrovest and the Company pursuant to which Arrovest commits to subscribe for \$200 million of Notes under the Placement (subject to a scale back), as summarised in Section 8.6.
ARS Agreement	means the agency and registry services agreement entered into between, among others, the Company and the Trustee, as described in Section 8.13.
ASIC	means Australian Securities and Investments Commission.
ASIC Act	means <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
ASIC Investigation	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.
Associate	has the meaning given to it in section 128F(9) of the 1936 Act.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires.
ASX Listing Rules or Listing Rules	means the official listing rules of ASX.
ASX Settlement	means ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Operating Rules	means the operating rules of ASX Settlement.
ATO	means the Australian Taxation Office.
AUD or \$ or A\$	means Australian dollars.

Auditor	means Deloitte Touche Tohmatsu ABN 74 490 121 060.
Australian Accounting Standards	means accounting standards set by the Australian Accounting Standards Board for the purposes of section 334 of the Corporations Act.
Australian Consumer Law	means schedule 2 of the <i>Competition and Consumer Act 2010</i> (Cth).
Australian Guarantor	means each Guarantor incorporated in Australia.
BD Agreement	means the agreement between Blue Diamond and FFPL in respect of the Blue Diamond Almond Breeze products, as described in Section 8.29.
Blue Diamond	means Blue Diamond Growers.
Board	means the board of Directors of the Company.
BPAY®	means BPAY Pty Limited ABN 69 079 137 518.
Business Day	means: <ul style="list-style-type: none"> (a) in the context of the Note Terms, a day on which banks are open for general banking business in Sydney, New South Wales, Australia and Melbourne, Victoria, Australia, excluding Saturdays, Sundays and public holidays in those cities; and (b) otherwise, has the meaning given to that term in the ASX Listing Rules.
Calculation Date	means 30 June and 31 December in each year.
Calculation Period	means each period of twelve months ending on a Calculation Date.
Californian Arbitration	means the arbitral proceedings with the American Arbitration Association against FFPL, as set out in Section 8.29.
Capital Raising	means the offer of Notes under the Placement and Wholesale Investor Offer.
Cash Interest	has the meaning given to that term in Section 9.13 and the Note Terms.
Cash-Settled	means, in relation to Notes, that the Notes are capable of being settled in cash.
Cash-Settlement Amount	has the meaning given to that term in the Note Terms.
Cash-Settled Conversion Notice	has the meaning given to that term in Section 9.18 and the Note Terms.
Cash-Settled Conversion Right	has the meaning given to that term in Section 9.18 and the Note Terms.
CGT	means Capital Gains Tax.
Change of Control Event	means each of: <ul style="list-style-type: none"> (a) a takeover bid is made to acquire all of the Shares and: <ul style="list-style-type: none"> (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Shares on issue; and (ii) the takeover bid is or has become unconditional; and (b) a transaction or transactions: <ul style="list-style-type: none"> (i) occur or are implemented, which will; or (ii) are announced or entered into which, if completed or implemented, would

	<p>result in an entity or persons (other than the Current Majority Shareholder and/or their related bodies corporate) Controlling the Company (whether by takeover bid, scheme of arrangement, shareholder approved acquisition, reverse takeover, dual-listed company structure, recapitalisation or any other transaction or arrangement); and</p> <p>(c) a court approves (by order under section 411(4)(b) of the Corporations Act) a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100% of the Shares on issue.</p>
Change of Control Event Trigger	<p>means:</p> <p>(a) in respect of paragraph (a) of the Change of Control Event definition, when the Company receives the bidder's statement in respect of that takeover bid under step 3 of section 633 of the Corporations Act;</p> <p>(b) in respect of paragraph (b) of the Change of Control Event definition, when a legally binding agreement to implement a transaction or transactions which, if implemented in accordance with its terms, would result in an entity or persons (other than the Current Majority Shareholder) and/or their related bodies corporate) Controlling the Company is entered into; and</p> <p>(c) in respect of paragraph (c) of the Change of Control Event definition, when an agreement to propose and implement the scheme of arrangement is entered into.</p>
Closing Date	5.00pm (Sydney time) on 7 May 2021, being the latest time and day by which completed Application Forms and BPAY® payments of Application Monies will be accepted (subject to variation).
Code	means the Franchising Code of Conduct.
Collateral Security	<p>means:</p> <p>(a) each General Security Deed; and</p> <p>(b) each other Collateral Security specified in Schedule 2 of the Note Terms.</p>
Commissioner	means the Australian Commissioner of Taxation.
Company	means Freedom Foods Group Limited ACN 002 814 235.
Consenting Party	means a party who consents to be named in this Prospectus as set out in Section 8.24.
Constitution	means the constitution of the Company (as amended from time to time).
Control	has the meaning given to that term in section 50AA of the Corporations Act, and the words Controlling and Controller bear a corresponding meaning.
Conversion	means the conversion of a Note in accordance with the Note Terms and the words Convert , Convertible , Converting and Converted bear a corresponding meaning.
Conversion Date	has the meaning given to that term in the Note Terms.
Conversion Price	means an amount of \$0.70, as may be adjusted in accordance with the Note Terms.
Conversion Shares	has the meaning given to that term in Section 9.26 and the Note Terms.

Corporate Directory	means the corporate directory at the back of this Prospectus.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Current Majority Shareholder	means Arrovest Pty Ltd ACN 117 953 205.
Director	means a director of the Company.
Disputes Undertaking	has the meaning given to it in the Note Terms and as described in Section 9.43.
Dividend	means the distribution of some of the Company's earnings to its Shareholders, as determined by the Board from time to time.
Early Redemption Notice	means a notice given by the Company to the Trustee, the Note Registrar, the Paying Agent and the Noteholders as described in Section 9.31 and the Note Terms.
EBIT	means earnings before interest expense and income tax.
EBITDA	has the meaning given to EBITDA in the Note Terms.
Eligible Investor	<p>means an institutional or professional who:</p> <ul style="list-style-type: none"> (a) if in Australia, is a "sophisticated" or "professional" investor under sections 708(8) and 708(11) of the Corporations Act; or (b) if in New Zealand, is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act, or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification); or (c) if in Singapore, is an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA")); or (d) if in Hong Kong, is a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; or (e) if in the United Kingdom, is a (i) "qualified investor" within the meaning of Article of the Prospectus Regulation (2017/1129/EU), replacing Section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or (f) if in the United States, is (i) an institutional "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act; or (ii) a dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons for which it has and is

	exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act, and who has a registered address in the relevant jurisdiction.
Equity Conversion Amount	means the aggregate of: <ul style="list-style-type: none"> (a) the aggregate Face Value of the total number of Notes the subject of the relevant Equity Conversion Notice; plus (b) without double counting, such amount of the Interest accrued but unpaid on those Notes (as determined by the Company) on the Equity Conversion Date.
Equity Conversion Date	has the meaning given to that term in the Note Terms.
Equity Conversion Notice	has the meaning given to that term in Section 9.23 and the Note Terms.
Equity Conversion Right	has the meaning given to that term in Section 9.23 and the Note Terms.
Executive Management	means the members of the Company's executive management team.
Exit Event	means a Sale Event and/or Change of Control Event.
Exit Notice	means a notice given by the Company to the Trustee, the Note Registrar and the Noteholders as described in Section 9.32.
Exposure Period	means the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.
Extraordinary General Meeting	means the extraordinary general meeting of Shareholders which the Company proposes to hold in order to seek the Shareholder Approvals during the week beginning 17 May 2021.
Event of Default	means any of the events listed in Section 9.39 and the Note Terms.
Face Value	means the nominal principal amount of each Note (subject to adjustments set out in the Note Terms).
FFPL	means Freedom Foods Pty Ltd ACN 068 972 181.
Financial Close	means the date on which the Notes are issued and the Recapitalisation completes, which is scheduled to occur after the Extraordinary General Meeting which is expected to be held in the week commencing 17 May 2021.
Financial Indebtedness	has the meaning given to Financial Indebtedness in the Note Terms.
FIRB	means the Foreign Investment Review Board of Australia.
FMC Act	means the Financial Markets Conduct Act 2013 (New Zealand).
FY or Financial Year	means the financial year ending 30 June.
FY20 Annual Report	means the Company's annual financial report for the year ended 30 June 2020, released to ASX on 30 November 2020.
General Security Deeds	means: <ul style="list-style-type: none"> (a) the general security deeds, dated on or about the Issue Date between the Security Trustee and each of the Company and its Australian Guarantors; and (b) each other general security deed granted by an Australian Guarantor in favour of the Security Trustee from time to time, summarised in Section 8.12.

GLAS	means Global Loan Agency Services Australia Specialist Activities Pty Limited ACN 635 992 308.
Government Agency	means the Crown, a government, a government department or a governmental, semi-governmental, statutory, administrative, parliamentary, provincial, public, municipal, local, judicial or quasi-judicial body.
Group or Freedom Foods Group	means the Company and its Subsidiaries together.
Group Member	means any member of the Group.
GST	means goods and services tax.
Guarantee	means the guarantee provided by each of the Initial Guarantors pursuant to the Security Trust Deed in respect of the Company's obligations under the Trust Deed, the Note Terms and other Transaction Documents.
Guarantor	means each Subsidiary that has guaranteed the Company's obligations under the Trust Deed, the Note Terms and other Transaction Documents pursuant to the Guarantee.
HBAU	means HSBC Bank Australia Limited ABN 48 006 434 162.
HIN	means Holder Identification Number.
HSBC	Means The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch ABN 65 117 925 970.
IFRS	means International Financial Reporting Standards.
Ineligible Investor	means a person who is not an Eligible Investor.
Initial Combination Interest	has the meaning given to that term in Section 9.13 and the Note Terms.
Initial Face Value	has the meaning given to that term in the Note Terms.
Initial Guarantor	means each entity set out in Schedule 1 of the Note Terms.
Insolvency Event	has the meaning given to that term in the Note Terms.
Intercreditor Deed	means the intercreditor deed dated between, among others, the Company, the Trustee and the Senior Financiers.
Interest	means the interest payable from time to time in respect of a Note including Cash Interest, PIK Interest, Initial Combination Interest, Partial Cash Interest and Partial PIK Interest.
Interest Payment Date	means, in respect of a Note: <ul style="list-style-type: none"> (a) each Quarter Date; (b) the Conversion Date (if the Company elects not to include the Interest accrued but unpaid on the Note in the Equity Conversion Amount); (c) the Maturity Date; and (d) any Redemption Date.
Interest Period	means, for a Note, each period beginning on (and including) an Interest Payment Date (as that term is defined in the Note Terms) and ending on (but excluding) the next Interest Payment Date, subject to certain exceptions set out in the Note Terms.
Interest Rate	means the Interest rates specified in Section 9.13.
Investor Presentation	means the investor presentation contained in Section 4 of this Prospectus.
Issue Date	means, in respect of a Note, the date on which that Note is issued.

Issue Price	means \$1.00 per Note.
Lead Manager	means Moelis Australia Advisory Pty Ltd ABN 72 142 008 446 (AFSL 345499).
Link	means Link Market Services Limited ACN 083 214 537.
Majority Noteholders	means, at any time, Noteholders holding at least 50% or more of the Face Value of the Notes at that time.
Majority Noteholders Resolution	means: <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 50% of the persons voting on a show of hands (unless paragraph (ii) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder present (in person or by proxy)); or (b) a resolution passed by a postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50% of the Face Value of all of the Notes.
Makewhole Amount	has the meaning given to that term in Section 9.37 and the Note Terms.
Master Asset Finance Agreement	means each document entitled “Master Asset Finance Agreement”, including: <ul style="list-style-type: none"> (a) the master asset finance agreement between NAB and Freedom Foods Financing Pty Ltd dated 1 December 2017, as amended from time to time; and (b) the master asset finance agreement between NAB and Pactum Australia Pty Ltd dated 23 May 2013, as amended from time to time.
Material Adverse Effect	has the meaning given to that term in the Note Terms.
Maturity Date	means the date which is the sixth anniversary of the Issue Date.
MD Noteholders Resolution	means: <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 25% of the persons voting on a show of hands; or (ii) if a poll is duly demanded, then by a majority consisting of at least 25% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder present (in person or by proxy)); or (b) a resolution passed by a postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 25% of the Face Value of all of the Notes.
Meeting Provisions	means the rules relating to meetings of Noteholders contained in Schedule 2 of the Trust Deed.
MILKLAB Almond Milk Products	has the meaning given to that term in Section 8.29.
Modification or Modified	means, in relation to the Note Terms, a modification, alteration, cancellation, amendment or addition to the Note Terms as set out in Section 9.44 and the Note Terms.
NAB	means National Australia Bank Limited ABN 12 004 044 937.

NAB Asset Financing	has the meaning given to that term in Section 8.8(e).
Net Debt	means, on any date, the aggregate of the Group's consolidated Financial Indebtedness, including Financial Indebtedness in respect of the Notes and including amounts outstanding in respect of Permitted Full Recourse Debtor Financing but excluding all other off balance sheet financing, as at that date minus cash or cash equivalents as at that date.
Net Leverage	means, on a Calculation Date, the ratio of Net Debt as at the relevant Calculation Date to EBITDA for the Calculation Period ending on that Calculation Date.
Non-Executive Director	means a non-executive Director of the Company.
Noteholder	means, in respect of a Note, the person from time to time whose name is entered on the Register as the holder of that Note.
Notes	means the subordinated, secured convertible notes proposed to be issued to Arrovest and Eligible Investors pursuant to this Prospectus which are constituted by, and owing under, the Trust Deed.
Note Registrar or Registrar	means the agent responsible for establishing and maintaining a register for the Notes, initially being Global Loan Agency Services Australia Specialist Activities Pty Limited ACN 635 992 308.
Note Terms	means, in relation to a Note, the terms and conditions of issue of that Note (which terms form Schedule 1 to the Trust Deed and are summarised in Section 9 of this Prospectus).
Offer Information Line	means 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia), open from 8:30am to 5:50pm (Sydney time), Monday to Friday.
Offer Period	means 5.00pm (Sydney time) on 29 March 2021 to 5.00pm (Sydney time) on 7 May 2021.
Officer	means an officer of the Company.
Offshore Associate	has the meaning given to it in Section 6.
Options	means the listed options proposed to be issued by the Company as part of the Capital Raising.
Pari Passu Debt	means secured Financial Indebtedness ranking pari passu to the Notes, including pursuant to further Note issuances.
Partial Cash Interest	has the meaning given to that term in Section 9.13 and the Note Terms.
Partial PIK Interest	has the meaning given to that term in Section 9.13 and the Note Terms.
PAYG	means the Pay As You Go system established under <i>A New Tax System (Pay As You Go) Act 1999</i> (Cth).
Paying Agent	means the agent responsible for making payments on behalf of the Company of amounts owing in respect of the Notes, initially being Global Loan Agency Services Australia Specialist Activities Pty Limited ACN 635 992 308.
Permitted Asset Financing	has the meaning given to it in the Note Terms.
Permitted Debt	has the meaning given to it in the Note Terms and as described in Section 8.9.
Permitted Full Recourse Debtor Financing	has the meaning given to it in the Note Terms.
Permitted Individual Security	has the meaning given to that term in Section 8.8(a).

Permitted Limited Recourse Debtor Financing	has the meaning given to it in the Note Terms.
Permitted Security Interests	has the meaning given to that term in the Note Terms.
Permitted Senior Debt	has the meaning given to it in the Note Terms and as described in Section 8.9.
PIK Interest	has the meaning given to that term in Section 9.13 and the Note Terms.
Placement	means the placement of Notes to Arrovest.
PPSA	means the <i>Personal Property Securities Act 2009</i> (Cth).
PPSR	means the register established under section 147 of the PPSA.
Priority Permitted Debt	has the meaning given to it in the Note Terms and as described in Section 8.9.
Privacy Act	means the <i>Privacy Act 1988</i> (Cth).
Private Label Almond Milk Products	has the meaning given to that term in Section 8.29.
Prospectus	means this prospectus dated 19 March 2021 and any replacement or supplementary prospectus.
Quarter Date	means the last day of each calendar quarter.
Recapitalisation	means the recapitalisation of the Company involving, among other things, recapitalising the business, refinancing the Company's senior debt facilities and undertaking the Capital Raising, as described in this Prospectus as further described in Section 2.1.
Record Date	means 5.00pm (Sydney time) on 19 March 2021.
Redemption	means the redemption of a Note in accordance with the Note Terms and the words Redeem , Redeemable and Redeemed bear their corresponding meanings.
Redemption Date	has the meaning given to that term in the Note Terms.
Redemption Notice	has the meaning given to that term in Section 9.33 and the Note Terms.
Related Body Corporate	has the meaning given to that term in section 9 of the Corporations Act.
Relevant Disputes	has the meaning given to that term in Section 9.38 and the Note Terms.
Relevant Disputes Notice	has the meaning given to that term in Section 9.38 and the Note Terms.
Sale Event	means where the Company has entered into, or agreed to enter into, an agreement or arrangement pursuant to which it will sell or transfer all, or substantially all, of: <ul style="list-style-type: none"> (a) the assets of the Company or the Group; or (b) the assets and brands of the Group's plant-based beverages segment in accordance with the Group's segment reporting.
Secured Property	means all of the assets of any Group member which from time to time are the subject of the Collateral Securities.
Security Trust Deed	means the trust deed dated on or before the Issue Date between the Company and the Security Trustee, summarised in Section 8.12.
Security Trustee	means the person from time to time acting as the trustee of the trust constituted by the Security Trust Deed, initially being Global

	Loan Agency Services Australia Specialist Activities Pty Limited ACN 635 992 308.
Senior Facilities	has the meaning given to that term in Section 8.7.
Senior Financiers	means: (a) NAB; (b) HSBC; and (c) HBAU, and any of their permitted assigns, transferees or replacement lender(s).
Senior Financier Commitment Agreement	has the meaning given to that term in Section 8.7.
Senior Group Facilities	has the meaning given to that term in Section 8.7.
Senior Security Trustee	means NAB in its capacity as security trustee under a security trust deed originally dated 1 December 2017 and pursuant to which it holds (as senior security trustee) the Senior Securities.
SFA Act	means the Securities and Futures Act of Singapore.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of one or more Shares in the Company.
Shareholder Approvals	means the Shareholder approvals to be sought by the Company in relation to the Recapitalisation as set out in Section 5.6.
Shortfall Beneficiary	means a beneficiary under the Shortfall Security Trust Deed and includes HSBC and NAB.
Shortfall Debt	means financial indebtedness owed by the Company and the Guarantors to a Shortfall Beneficiary under the Shortfall Security Trust Deed. It includes all liabilities owed to: (a) HSBC in respect of the Permitted Limited Recourse Debtor Financing, which are not repaid from the proceeds of the relevant receivables, inventory or accounts receivable acquired or financed; and (b) NAB in respect of the NAB Asset Financing which are not repaid from the proceeds of the relevant equipment and/or assets financed.
Shortfall Security	has the meaning given to that term in Section 8.8(a).
Shortfall Security Trust Deed	means the security trust deed to be entered into prior to completion of the Capital Raising and pursuant to which the Shortfall Security Trustee will hold the Shortfall Securities on trust for the Shortfall Beneficiaries.
Shortfall Security Trustee	means the trustee to be appointed under the Shortfall Security Trust Deed.
Special Resolution	means: (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: (i) by at least 66.67% of the persons voting on a show of hands (unless paragraph (b) below applies); and (ii) at least 3 Noteholders voting in favour of the resolution; or (b) if a poll is duly demanded, then by:

	<ul style="list-style-type: none"> (i) a majority consisting of at least 66.67% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder's present (in person or by proxy)); and (ii) at least 3 Noteholders voting in favour of the resolution; or <p>(c) a resolution passed by postal ballot or circular written resolution by:</p> <ul style="list-style-type: none"> (i) Noteholders representing (in aggregate) at least 66.67% of the Face Value of all of the Notes; and (ii) at least 3 Noteholders voting in favour of the resolution.
SRN	means Security Reference Number.
Standstill Deed	means the Standstill Deed dated 9 September 2020 between, among others, the Company, Freedom Foods Group Financing Pty Ltd and the Senior Financiers.
Subsidiary	<p>has the meaning given to that term in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation:</p> <ul style="list-style-type: none"> (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.
Super Resolution	<p>means:</p> <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 90% of the persons voting on a show of hands; or (ii) if a poll is duly demanded, then by a majority consisting of at least 90% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder present (in person or by proxy)); or (b) a resolution passed by a postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 90% of the Face Value of all of the Notes.
Term Debt	means the (up to) \$50 million term debt facility provided by the Senior Financiers and described in Section 8.8.
Transaction Documents	means the Trust Deed, each Note, the Security Trust Deed, the Guarantee, the ARS Agreement, the Intercreditor Deed and each Collateral Security.
Trust	means the 'FNP Note Trust' established under the Trust Deed.
Trust Deed	means the trust deed entitled 'Trust Deed for the FNP Note Trust' between the Company and the Trustee dated on or before the Issue Date.
Trust Fund	means the fund established by the Trust Deed, the details of which are contained in Section 8.11.
Trustee	means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity) and the Security Trust Deed, initially being Global Loan Agency Services Australia Specialist Activities Pty Limited ACN 635 992 308.
TFN	means Tax File Number.

USD	means United States dollars.
US Court Proceeding	means the judicial proceedings against Freedom Foods Pty Ltd in the United States District Court, Eastern District California, as set out in Section 8.29.
US Securities Act	means the US Securities Act of 1933.
Wholesale Investor Offer	means the offer of Notes to Eligible Investors pursuant to this Prospectus.
Winding Up	means, in respect of a person, the appointment of a liquidator or provisional liquidator of that person, and where the appointment is made by a court, by a court of competent jurisdiction in Australia.

Corporate Directory

Directors

Genevieve Gregor
Tony Perich
Jane McKellar
Timothy Bryan
Stuart Black (effective 22 March 2021)

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

Australian Legal Adviser

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

Lead Manager

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

Tax Adviser

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Trustee, Security Trustee, Note Registrar and Paying Agent

Global Loan Agency Services Australia
Specialist Activities Pty Limited
Level 26, 1 Bligh Street
Sydney NSW 2000

Link

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

Offer Information Line

1300 657 159 (within Australia)
+61 1300 657 159 (outside Australia)
Open between 8:30am to 5:00pm (Sydney time) Monday to Friday

Note Terms

Convertible Notes – Terms of Issue



Arnold Bloch Leibler

Level 21, 333 Collins Street
Melbourne Victoria 3000 Australia

Level 24, Chifley Tower, 2 Chifley Square
Sydney NSW 2000 Australia

Convertible Notes – Terms of Issue

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Convertible Notes – Terms of Issue

1 Definitions and interpretation

1.1 Definitions

In this document, unless expressly provided otherwise:

Accession Letter	means the 'Accession Deed for new Obligors' attached as Schedule 3 to the Security Trust Deed and set out in Schedule 3 of this document.
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Agency and Registry Agreement	means: <ul style="list-style-type: none">(a) the agreement entitled "FNP Agency and Registry Agreement", among others, the Issuer, the Registrar, the Paying Agent and the Trustee dated on or before the date of the Trust Deed; and(b) any other agency agreement entered into between the Issuer and an agent in connection with any issue of the Notes.
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Agent	means each of the Paying Agent and the Registrar.
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Applicable Regulations	means such provisions of the ASX Listing Rules, the Corporations Act and any regulations or rules under or pursuant to any such provisions as may be applicable to the transfer of a Note.
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ASX	means ASX Limited (ABN 98 003 624 691) or the securities market operated by it, as the context requires.
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ASX Listing Rules	means the listing rules of ASX.
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Australian Guarantors	means each Guarantor incorporated in Australia.
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Authorisation	means: <ul style="list-style-type: none">(a) an authorisation, consent, approval, resolution, licence, exemption, filing or registration; or(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Government Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.
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BD Agreement	means the agreement dated 18 October 2011 with Blue Diamond Growers (a Californian corporation) and Freedom Foods Pty Ltd (a subsidiary of the Issuer), as amended pursuant to the First Amendment to the agreement dated 1 August 2014.
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Business Day	means a day on which banks are open for general banking business in Sydney, New South Wales, Australia and Melbourne, Victoria, Australia, excluding Saturdays, Sundays and public holidays in those cities.
C&S Business	means the cereal and snacks business of the Group sold pursuant to the C&S Sale Agreement.
C&S Companies	means the following entities: (a) Freedom Foods Pty Ltd ACN 068 972 181; (b) Freedom Foods Group Dandenong Pty Ltd ACN 007 362 263; and (c) Freedom Foods Group IP Pty Ltd ACN 109 854 373.
C&S Sale Agreement	means the Business Sale Agreement entered into between, amongst others, the C&S Companies and Liberty Operations Pty Ltd ACN 646 575 966 dated 17 December 2020 as amended on or about 3 February 2021.
Calculation Date	means 30 June and 31 December in each year.
Calculation Period	means each period of twelve months ending on a Calculation Date.
Cash Interest	has the meaning given to it in clause 3.1(c)(i).
Cash-Settled Conversion Date	means in respect of a Cash-Settled Conversion Notice issued: (a) pursuant to clause 4.2(a) – (i) in the case of paragraphs (a) or (b) of the definition of Change of Control Event - the last date of the offer period following which that Change of Control Event has occurred; (ii) in the case of paragraph (c) of the definition of Change of Control Event - the date on which the scheme of arrangement is implemented; (iii) in all other cases – the date on which completion or implementation of the Exit Event has occurred; (b) pursuant to clause 4.2(b) – within 20 Business Days following receipt of the Cash-Settled Conversion Notice; or (c) pursuant to clause 4.2(c) - the Maturity Date.
Cash-Settled Conversion Notice	means a notice of conversion given in accordance with clauses 4.2 and 4.3.
Cash-Settled Conversion Right	has the meaning given to it in clause 4.1.
Cash Settlement Condition	has the meaning given to it in clause 4.2.

Cash Settlement Amount	has the meaning given to it in clause 4.1.
Change of Control Event	<p>means each of:</p> <ul style="list-style-type: none"> (a) a takeover bid is made to acquire all of the Shares and: <ul style="list-style-type: none"> (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Shares on issue; and (ii) the takeover bid is or has become unconditional; and (b) a transaction or transactions: <ul style="list-style-type: none"> (i) occur or are implemented, which will; or (ii) are announced or entered into which, if completed or implemented, would <p>result in an entity or persons (other than the Current Majority Shareholder and/or their related bodies corporate) Controlling the Issuer (whether by takeover bid, scheme of arrangement, shareholder approved acquisition, reverse takeover, dual-listed company structure, recapitalisation or any other transaction or arrangement); and</p> (c) a court approves (by order under section 411(4)(b) of the Corporations Act) a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100% of the Shares on issue.
Change of Control Event Trigger	<p>means:</p> <ul style="list-style-type: none"> (a) in respect of paragraph (a) of the Change of Control Event definition, when the Issuer receives the bidder's statement in respect of that takeover bid under step 3 of section 633 of the Corporations Act; (b) in respect of paragraph (b) of the Change of Control Event definition, when a legally binding agreement to implement a transaction or transactions which, if implemented in accordance with its terms, would result in an entity or persons (other than the Current Majority Shareholder and/or their related bodies corporate) Controlling the Issuer is entered into; and (c) in respect of paragraph (c) of the Change of Control Event definition, when an agreement to propose and implement the scheme of arrangement is entered into.
Collateral Securities	<p>means:</p> <ul style="list-style-type: none"> (a) each General Security Deed; and (b) each other Collateral Security specified in Schedule 2.
Control	has the meaning given to it in section 50AA of the Corporations Act and the word Controlling bears a corresponding meaning.

Conversion	means the conversion of a Note in accordance with clause 4 or clause 5 and the words Convert , Convertible , Converting and Converted bear a corresponding meaning.
Conversion Date	means the Equity Conversion Date or Cash-Settled Conversion Date (as applicable).
Conversion Price	means an amount of \$0.70, as may be adjusted under clauses 4 or 5.
Conversion Shares	has the meaning given to it in clause 5.6(a).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Current Majority Shareholder	means Arrovest Pty Ltd (ACN 117 953 205).
Delisting Event	will occur if the Shares cease to be quoted on ASX.
Direction	has the meaning given to it in the Trust Deed.
Directors	means some or all of the directors of the Issuer acting as a board.
Disputes Undertaking	means the undertaking in clause 9.3(d).
Distribution	means any dividend, charge, interest, fee, payment or other distribution (whether cash or assets) or redemption, repurchase, defeasance, retirement or repayment declared or paid on or in respect of any shares issued by the Issuer.
Distribution Undertaking	means the undertaking in clause 9.2(b).
Early Redemption Notice	means a notice given by the Issuer to the Trustee, each Agent and the Noteholders under clause 6.2(a).

EBITDA

means, in respect of any period and the Group, the consolidated net profit of the Group for that period determined by reference to the latest Financial Reports:

- (a) after adding back any corporate tax or other taxes on income or gains in respect of that period;
- (b) after adding back AASB16 impacts, so that EBITDA is presented on a pre AASB 16 basis;
- (c) after adding back any interest expense paid or payable in respect of that period;
- (d) after deducting (to the extent included) interest income received by a member of the Group in that period;
- (e) after adding back any reasonable extraordinary or unusual losses which are not recurring (to the extent excluded) and after deducting any extraordinary or unusual gains which are not recurring (to the extent included), capped at 20% of unadjusted EBITDA for that period;
- (f) after adjustment to remove profits or losses of any Group member which have been consolidated within operating profit but are attributable to any third party (not being a member of the Group);
- (g) after deducting (to the extent otherwise included) any gain arising on any revaluation of any asset during that period;
- (h) after adding back (to the extent otherwise deducted) any loss or gain against book value incurred by a member of the Group on the disposal of any asset during that period and any loss on any revaluation of any asset during that period;
- (i) after deducting any transaction costs and expenses, one-off exceptional costs and any non-cash items in connection with any asset or entity acquisition (including any start-up costs relating to an acquisition of new equipment), debt reduction, debt or equity raising (including any refinancing costs or interest), incurred by any member of the Group during that period;
- (j) excluding unrealised exchange gains and losses and any unrealised gains or losses on derivative financial instruments;
- (k) after adding back any amortisation or depreciation in respect of that period; and
- (l) after adding back any rental expenses recognised under the GAAP in respect of the period and by deducting any rental expenses actually paid in cash during that period,

in each case, to the extent added, deducted or taken into account, as the case may be, in determining consolidated net profit of the Group and without double counting for any item.

Equity Conversion Amount	<p>means the aggregate of:</p> <ul style="list-style-type: none"> (a) the aggregate Face Value of the total number of Notes the subject of the relevant Equity Conversion Notice; plus (b) without double counting, such amount of the Interest accrued but unpaid on those Notes (as determined by the Issuer) on the Equity Conversion Date.
Equity Conversion Date	<p>means the applicable date on which Shares will be issued to the Noteholder on conversion of the Notes being:</p> <ul style="list-style-type: none"> (a) in the case of a Conversion under clause 5.3 - the first Monthly Conversion Date falling at least 10 Business Days after receipt of the relevant Equity Conversion Notice; (b) in the case of a Conversion under clause 5.5 - 10 Business Days following the date on which the mandatory Conversion conditions are deemed to have occurred; and (c) in the case of Conversion under clause 6.3(b)(ii) – <ul style="list-style-type: none"> (i) in respect of a Change of Control Event: <ul style="list-style-type: none"> (A) referred to in paragraph (a) of the Change of Control Event definition – at least 5 Business Days before the offer period (as extended) under the takeover bid closes; and (B) referred to in paragraph (b) and (c) of the Change of Control Event definition – at least 2 Business Days before the relevant ‘record date’ for the Change of Control Event or such other date which would entitle the Noteholder to participate pro-rata in the consideration proposed to be received by Shareholders in respect of the Change of Control Event or (ii) in respect of a Sale Event, the date of completion of the Sale Event.
Equity Conversion Notice	means a notice of conversion given in accordance with clauses 5.3 and 5.4.
Equity Conversion Right	has the meaning given to it in clause 5.1.
Event of Default	means each event of default specified in clause 11.
Excluded Subsidiary	means each of Freedom Foods (Shanghai) Co. Ltd., Freedom Foods Singapore Pte. Ltd. and Freedom Foods North America Inc., and each other Subsidiary incorporated in a jurisdiction outside of Australia.
Exit Event	means a Sale Event and/or a Change of Control Event.
Exit Notice	means a notice given by the Issuer to the Trustee (with a copy to the Registrar) under clause 6.3.

Face Value	means the nominal principal amount of each Note (which includes all principal amounts added to the outstanding Notes pursuant to clause 2.2, and for the avoidance of doubt shall include any increase to principal amounts in the nature of PIK Interest or Partial PIK Interest).
Fair Market Value	<p>means, on any date:</p> <ul style="list-style-type: none"> (a) in the case of a distribution which is to be paid or made in cash, the amount of such cash distribution; (b) in the case of any other cash amount, the amount of such cash; (c) in the case of Securities, options, warrants or other rights or assets which are publicly traded on a market of adequate liquidity (as determined by the Board (acting reasonably and in good faith)), the arithmetic mean of the daily VWAPs of such Securities, options, warrants or other rights or assets during the period of 10 trading days on the relevant market commencing on the first day the market is open following announcement to the ASX of all material terms relating to the relevant Change of Control Event, Exit Event and/or Distribution (as applicable); and (d) in the case of Securities, options, warrants or other rights (including, for the avoidance of doubt, any earn-out or deferred, contingent or conditional consideration) or assets which are not publicly traded on a market of adequate liquidity (as aforesaid), an amount determined in good faith by the Board (acting reasonably and in good faith), on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price, distribution yield, volatility, prevailing interest rates and the terms of such Securities, options, warrants or other rights or assets (as applicable), including as to the expiry date and exercise price (if any) thereof. <p>In addition, in the case of paragraphs (a) and (b), the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of Taxes and disregarding any associated Tax credit.</p> <p>For the avoidance of doubt, the Fair Market Value of consideration payable for each Share under an Exit Event for the purposes of 4.1(a)(i) may be a combination of any, or all, of paragraphs (a), (b), (c) and/or (d) of the "Fair Market Value" definition above.</p>
Financial Indebtedness	<p>means any indebtedness for or in respect of:</p> <ul style="list-style-type: none"> (a) moneys borrowed and any debit balance at any financial institution;

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- (b) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;
 - (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
 - (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Australian Accounting Standards, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with Australian Accounting Standards in force prior to 1 January 2019, have been treated as an operating lease);
 - (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
 - (f) any redeemable shares where the holder has the right, or the right in certain conditions, to require redemption;
 - (g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
 - (h) consideration for the acquisition of assets or services payable more than 90 days after acquisition;
 - (i) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the actual amount then due as a result of the termination or close-out of that derivative transaction shall be taken into account);
 - (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
 - (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.
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Financial Reports

means the Issuer's Financial Reports prepared and lodged in accordance with Chapter 2M of the *Corporations Act 2001*.

GAAP

means generally accepted accounting principles in Australia.

General Security Deeds	means: (a) the general security deeds, dated on or about the Issue Date between the Security Trustee and each of the Issuer and Australian Guarantors; and (b) each other general security deed granted by an Australian Guarantor in favour of the Security Trustee from time to time.
Government Agency	means the Crown, a government, a government department or a governmental, semi-governmental, statutory, administrative, parliamentary, provincial, public, municipal, local, judicial or quasi-judicial body.
Group	means the Issuer and each of its Subsidiaries together.
GST	has the meaning given to that term in the GST Act.
GST Act	means the Act known as <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Guarantee	means the guarantee provided by each of the Initial Guarantors pursuant to the Security Trust Deed in respect of the Issuer's obligations under the Trust Deed, these Note Terms and other Transaction Documents.
Guarantor	means each Subsidiary that has guaranteed the Issuer's obligations under the Trust Deed, these Note Terms and other Transaction Documents pursuant to the Guarantee.
Hedging Agreement	any master agreement, confirmation, schedule or other agreement or transaction entered into by a member of the Group for the purpose of hedging any direct or embedded exposures.
Hedging Policy	the hedging policy approved by the board of Directors of the Issuer prior to the Issue Date, as updated from time to time (provided that any material update to a Hedging Policy is approved by a Majority Noteholder Resolution).
Initial Combination Interest	has the meaning given to it in clause 3.1(c)(iii).
Initial Face Value	means, in respect of a Note, the Face Value of that Note at its Issue Date, being \$1.00.
Initial Guarantor	means each entity set out in Schedule 1 to these Note Terms.
Initial Interest Term	means a term of 30 months from the Issue Date.

Insolvency Event	<p>occurs in relation to a body corporate if:</p> <ul style="list-style-type: none"> (a) it is (or states that it is) insolvent (as defined in the Corporations Act); or (b) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property; or (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors); or (d) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or (e) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or (f) it is otherwise unable to pay its debts when they fall due; or (g) something having a substantially similar effect to (a) to (f) happens in connection with it under the law of any jurisdiction.
Intercreditor Deed	means the document entitled 'Intercreditor Deed' dated on or about the Issue Date between, among others, the Issuer, the Trustee, the Security Trustee and the Senior Financiers.
Interest	means the interest payable from time to time in respect of a Note, including interest payable under clause 3.4(a) and, as applicable, default interest payable under clause 3.4(c). It includes Cash Interest, PIK Interest, Initial Combination Interest, Partial Cash Interest and Partial PIK Interest.
Interest Payment Date	<p>means, in respect of a Note:</p> <ul style="list-style-type: none"> (a) each Quarter Date; (b) the Conversion Date (if the Issuer elects not to include the Interest accrued but unpaid on the Note in the Equity Conversion Amount); (c) the Maturity Date; and (d) any Redemption Date.

Interest Period	means, for a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However: <ul style="list-style-type: none"> (a) the first Interest Period commences on (and includes) its Issue Date; and (b) the final Interest Period ends on (but excludes) the Maturity Date, Conversion Date or the Redemption Date.
Interest Rate	means, as applicable, each rate of interest specified in clause 3.2.
Issue Date	means, in respect of a Note, the date on which that Note is issued.
Issue Price	means the price that each Note will be issued by the Issuer at its Issue Date, being \$1.00.
Issuer	means Freedom Foods Group Limited (ACN 002 814 235).
Liability	means any loss, damage, cost, claim, demand, expense, fee, judgment, action, proceeding, or other liability whatsoever (including without limitation in respect of taxes, duties, levies, imposts and other charges) and properly incurred legal fees and expenses on a full indemnity basis.
Majority Noteholders	means, at any time, Noteholders holding at least 50% or more of the Face Value of the Notes at that time.
Majority Noteholders Resolution	means: <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 50% of the persons voting on a show of hands (unless paragraph (ii) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder's present (in person or by proxy)); or (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50% of the Face Value of all of the Notes.
Makewhole Amount	means, in relation to a Note, the applicable amount calculated in accordance with clause 6.6(a).

Material Adverse Effect	<p>means a material adverse effect on:</p> <ul style="list-style-type: none"> (a) the business, operation, property, condition (financial or otherwise) or prospects of the Group taken as a whole; or (b) the ability of the Issuer and Guarantors (taken as a whole) to perform their obligations under the Transaction Documents; or (c) the validity or enforceability of, or the effectiveness or ranking of any Collateral Security granted or purporting to be granted pursuant to any of, the Transaction Documents or the rights or remedies of the Trustee and/or the Security Trustee under any of the Transaction Documents (as applicable).
Maturity Date	means the date which is the sixth anniversary of the Issue Date.
MD Noteholders Resolution	<p>means:</p> <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 25% of the persons voting on a show of hands (unless paragraph (ii) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 25% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder's present (in person or by proxy)); or (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 25% of the Face Value of all of the Notes.
Meeting Provisions	means the rules relating to meetings of Noteholders contained in Schedule 2 to the Trust Deed.
Member or Shareholder	means a person entered in the register of members as a member, for the time being, of the Issuer.
Monthly Conversion Date	the last Business Day of a calendar month.
Mortgage	has the meaning given to it in Schedule 2.
Mortgage of Lease	has the meaning given to it in Schedule 2.
Net Debt	means, on any date, the aggregate of the Group's consolidated Financial Indebtedness, including Financial Indebtedness in respect of the Notes and including amounts outstanding in respect of Permitted Full Recourse Debtor Financing but excluding all other off balance sheet financing, as at that date minus cash or cash equivalents as at that date.

Net Leverage	means, on a Calculation Date, the ratio of Net Debt as at the relevant Calculation Date to EBITDA for the Calculation Period ending on that Calculation Date.
Note	means a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.
Note Terms	means, in relation to a Note, the terms and conditions of issue of that Note (as set out in Schedule 1 to the Trust Deed).
Noteholder	means, in respect of a Note, the person from time to time whose name is entered on the Register as the holder of that Note.
Officer's Certificate	means a certificate signed by two directors, or one director and one company secretary, or one director and the chief financial officer of the Issuer.
Original Financial Statements	means the financial statements for the financial year ending June 2020.
Pari Passu Debt	means secured Financial Indebtedness ranking pari passu to the Notes, including pursuant to further Note issuances.
Partial Cash Interest	has the meaning given to it in clause 3.1(d)(ii)(A).
Partial PIK Interest	has the meaning given to it in clause 3.1(d)(ii)(B).
Paying Agent	Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308) or any other person appointed by the Issuer under an Agency and Registry Agreement to act as paying agent on the Issuer's behalf from time to time.
Permitted Asset Financing	means limited recourse asset or equipment financing (including loans, finance leases, hire purchase arrangements, operating leases, off balance sheet facilities and export credit agency or similar facilities) provided that the aggregate principal amount of Financial Indebtedness outstanding under all such facilities does not exceed, at any time \$100,000,000 or such higher amounts approved by a Special Resolution of Noteholders.

Permitted Debt

means:

- (a) Permitted Senior Debt;
 - (b) transactional facilities (for the operational cash management requirements of the Group) including e-pay, encashment, credit card, settlement and merchant facilities provided no more than A\$7,000,000 of Financial Indebtedness is outstanding at any time (including all transactional facilities comprising Permitted Senior Debt);
 - (c) Financial Indebtedness owing under any Hedging Agreement provided it has not been entered into for speculative purposes and which has been entered into in accordance with the Hedging Policy;
 - (d) Permitted Asset Financing;
 - (e) Permitted Debtor Financing;
 - (f) the acquisition of goods and/or services on arm's length terms by an Obligor in the ordinary course of day-to-day business where payment is deferred for a period of not more than 90 days (other than under the BD Agreement or the Great View Packaging Supply Agreement, which may be deferred for a period of up to 150 days);
 - (g) Pari Passu Debt provided it is approved by Majority Noteholders pursuant to a Majority Noteholders Resolution and does not exceed \$100,000,000 (such cap excluding, where such Pari Passu Debt is a further issuance of Notes on substantially the same terms as these Note Terms, any interest, fees or makewhole payable in respect of that Pari Passu Debt when determining the amount of such Pari Passu Debt);
 - (h) the Shortfall Debt;
 - (i) any Financial Indebtedness that does not exceed A\$5,000,000 in aggregate at any time for Excluded Subsidiaries;
 - (j) Financial Indebtedness of any person that becomes a Group member after the date of this Agreement as a result of an acquisition of that Group member (to the extent permitted by this Agreement), but only Financial Indebtedness as existed at the time of that acquisition and was not incurred in contemplation of that acquisition, provided that such Financial Indebtedness shall, to the extent not otherwise permitted, be discharged within 90 days from the date upon which such person becomes a Group member;
 - (k) any unsecured deferred consideration or investment in connection with a Permitted Acquisition or Permitted Joint Venture (as the case may be) which is payable after completion of the relevant acquisition or investment as deferred consideration (whether or not contingent on any target or event);
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	<p>(l) any Financial Indebtedness not permitted by the preceding paragraphs provided that the amount of all such Financial Indebtedness outstanding under this paragraph at any time does not exceed A\$5,000,000 in aggregate; and</p> <p>(m) any other debt approved by a Special Resolution of Noteholders.</p>
Permitted Debtor Financing	means each of the Permitted Full Recourse Debtor Financing and the Permitted Limited Recourse Debtor Financing.
Permitted Full Recourse Debtor Financing	<p>means receivables finance facilities, inventory financing facilities or supply chain financing provided on terms which permit the financier (or acquirer of such receivables, however described) to have recourse to the Group, provided that the aggregate principal amount of Financial Indebtedness outstanding at any time under all full recourse facilities does not exceed the greater of:</p> <p>(a) A\$25,000,000 (or its equivalent); and</p> <p>(b) such higher amount approved by a Special Resolution of Noteholders.</p>
Permitted Limited Recourse Debtor Financing	<p>means receivables finance facilities, inventory financing facilities or supply chain financing, provided on terms which are not guaranteed by any member of the Group and do not permit the financier (or acquirer of such receivables, however described) to have recourse to the Group (other than in limited circumstances), provided that the aggregate principal amount of Financial Indebtedness outstanding at any time under all limited recourse facilities does not exceed A\$65,000,000 (or its equivalent), or such higher amount to the extent it constitutes Permitted Senior Debt or as approved by a Special Resolution of Noteholders.</p>

Permitted Loans	<p>means:</p> <ul style="list-style-type: none"> (a) any trade credit extended by any Obligor to its customers on normal commercial terms and in the ordinary course of its ordinary business where payment is deferred for a period of not more than 90 days (other than under the BD Agreement or the Great View Packaging Supply Agreement, which may include trade credit extended for a period of up to 150 days) unless otherwise agreed pursuant to a Special Resolution of Noteholders; (b) a loan made by an Obligor to another Obligor; (c) any loan made by an Obligor to a member of the Group which is not an Obligor so long as the aggregate amount of the Financial Indebtedness under all such loans does not exceed A\$2,000,000 (or its equivalent) in aggregate at any time; and (d) any financial accommodation not permitted by the preceding paragraphs provided that the amount of all such financial accommodation does not exceed A\$5,000,000 in aggregate or such other amounts as approved by a Special Resolution of Noteholders.
Permitted Reorganisation	<p>the solvent liquidation or reorganisation of a Guarantor (other than the Issuer) so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to another Guarantor.</p>
Permitted Sale	<p>means:</p> <ul style="list-style-type: none"> (a) sales of assets in the ordinary course of a member of the Group's ordinary business; (b) a sale of the C&S Business to The Arnott's Group; (c) a sale of Seafood Business; (d) significant assets or assets worth more than 10% of the Group's gross assets per annum, subject to an aggregate cap of 25% of the Group's gross assets until all Notes have been Converted or Redeemed; and (e) any other sale consented to by Majority Noteholder Resolution.

Permitted Security Interests

means:

- (a) each Collateral Security;
 - (b) any Security Interest which secures the Permitted Debt described in paragraphs (a) to (e), inclusive of that definition, provided that:
 - (i) such Security Interests are regulated by the terms of the Intercreditor Deed;
 - (ii) in respect of Security Interest granted under any Financial Indebtedness owing under any Hedging Agreement, the relevant Hedging Agreement was entered into in accordance with the Hedging Policy;
 - (iii) in respect of any Permitted Asset Financing, the Security Interests granted are limited recourse to the assets or equipment acquired financed (or otherwise rank in subsequent priority to the Notes and are regulated by the terms of the Intercreditor Deed); and
 - (iv) in respect of any Permitted Limited Recourse Debtor Financing, the Security Interests granted are limited recourse to the relevant receivables, inventory or accounts receivable acquired or financed (or otherwise rank in subsequent priority to the Notes and are regulated by the terms of the Intercreditor Deed);
 - (c) any Security Interest that secures Pari Passu Debt, provided that it ranks pari passu with the Collateral Securities;
 - (d) the Shortfall Security Interests;
 - (e) any Security Interest which secures any replacement, refinancing or extension of the maturity of the Permitted Debt described in paragraphs (a)-(e) inclusive of that definition, provided that the ranking and priority of such Security Interests are governed on materially the same terms as the Intercreditor Deed;
 - (f) any title retention arrangement entered into by any member of the Group in the ordinary course of trading on the supplier's usual terms of sale (or on terms more favourable to the members of the Group) so long as the debt it secures is paid when due or contested in good faith and sufficient reserves of liquid assets have been set aside to pay the debt if the contest is unsuccessful;
 - (g) any Security Interest, arrangement or transaction entered into under any Transaction Document;
 - (h) any payment or close out netting or set-off arrangement pursuant to any transactional banking facilities or any hedging transaction entered into by a member of the Group for the purpose of:
 - (i) hedging any risk to which any member of the Group is exposed in its ordinary course of trading; or
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	<p>(ii) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only, excluding, in each case, any Security Interest, arrangement or transaction under a credit support arrangement in relation to a hedging transaction unless such Security Interest is permitted under paragraph (b) of this definition;</p> <p>(i) any lien arising by operation of law and in the ordinary course of trading so long as the debt it secures is paid when due or contested in good faith and appropriately provisioned;</p> <p>(j) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of Obligors and credit balances of members of the Group; and</p> <p>(k) any Security Interest, arrangement or transaction over or affecting any asset acquired by a member of the Group after the date of this Agreement if:</p> <p>(i) it was not created in contemplation of the acquisition of that asset by a member of the Group;</p> <p>(ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and</p> <p>(l) it is removed or discharged within 3 months of the date of acquisition of such asset; and</p> <p>(m) any Security Interest authorised by a Special Resolution of Noteholders.</p>
Permitted Senior Debt	<p>means term facilities, cash advance facilities and/or revolving credit facilities (however described), provided that the aggregate outstanding under such facilities does not exceed:</p> <p>(a) where the aggregate of all Notes issued and other Pari Passu Debt (excluding capitalised interest, fees and makewhole amounts):</p> <p>(i) does not exceed \$200,000,000, \$100,000,000;</p> <p>(ii) equals or exceeds \$265,000,000, \$65,000,000;</p> <p>(iii) exceeds \$200,000,000 but is less than \$265,000,000, an amount calculated as \$100,000,000 less \$1,000,000 for every \$1,000,000 of Notes issued or Pari Passu Debt incurred above \$215,000,000 (up to \$265,000,000); and</p> <p>(b) such other greater amount as the Noteholders may approve from time to time by a Special Resolution of Noteholders.</p>
PIK Interest	has the meaning given to it in clause 3.1(c)(ii).

Priority Permitted Debt	<p>means:</p> <ul style="list-style-type: none"> (a) all Permitted Debt described in paragraphs (a), (b) and (c) of that definition which ranks in priority to the Notes pursuant to the Intercreditor Deed; (b) all Permitted Full Recourse Debtor Financing; (c) all Permitted Limited Recourse Debtor Financing provided that it is limited to the proceeds of the relevant receivables, inventory or accounts receivable acquired or financed; (d) all Permitted Asset Financing, provided that it is limited to the proceeds of the relevant equipment and/or assets financed; and (e) all other Permitted Debt (other than Permitted Debt described in paragraphs (a), (b) and (c) of that definition) which is secured (but excluding any Financial Indebtedness repaid from the proceeds of the Notes) by a Permitted Security Interest which the Noteholders, by Special Resolution, agree in writing ranks in priority to Notes and the Collateral Security. <p>For the avoidance of doubt, it does not include the Shortfall Debt.</p>
Prospectus	means the prospectus to be issued by the Issuer in connection with the issuance of the Notes.
Quarter Date	means the last day of each calendar quarter.
Record Date	<p>means, in relation to any payment to be made under or in respect of the Notes:</p> <ul style="list-style-type: none"> (a) subject to sub-paragraphs (b) and (c), the date which is eight calendar days before the applicable due date for payment; or (b) such other date as is determined by the Issuer in its absolute discretion, and communicated to the Trustee not less than eight calendar days before the record date which would have been determined under paragraph (a) above; or (c) such other date as may be required by, or agreed with, the Trustee.
Redemption	means the redemption of a Note in accordance with clause 6 and the words Redeem , Redeemable and Redeemed bear their corresponding meanings.
Redemption Date	means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed.
Redemption Notice	has the meaning given to it in clause 6.3(a)(iv).

Register	means the register of Noteholders maintained by the Registrar (established and maintained under clause 2.3 of the Trust Deed).
Registrar	means Global Loan Agency Services Australia Specialist Activities Pty Ltd (ACN 635 992 308) or any other person appointed by the Issuer (with such appointment notified to the Trustee) to maintain the Register and perform any payment and other duties as specified in that agreement.
Related Body Corporate	has the meaning given to that term by section 9 of the Corporations Act.
Relevant Disputes	has the meaning given to it in clause 6.6(b)(i).
Relevant Disputes Notice	has the meaning given to it in clause 6.6(b)(i).
Resignation Letter	means the resignation letter attached to the Security Trust Deed.
Sale Event	means where the Issuer has entered into, or agreed to enter into, an agreement or arrangement pursuant to which it will sell or transfer all, or substantially all, of: <ul style="list-style-type: none"> (a) the assets of the Issuer or the Group; or (b) the assets and brands of the Group's plant-based beverages segment in accordance with the Group's segment reporting.
Seafood Business	means the seafood business of the Group in accordance with the Group's segment reporting.
Secured Property	means all of the assets of any Group member which from time to time are the subject of the Collateral Securities.
Security Interest	means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset, including any retention of title other than in the ordinary course of business and any charge or lien arising by operation of law.
Security Trust Deed	the security trust deed dated on or before the Issue Date and entitled FNP Convertible Note Security Trust Deed.
Security Trustee	Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308).

Senior Financiers	means: <ul style="list-style-type: none"> (a) National Australia Bank Ltd (ABN 12 004 044 937); (b) Hong Kong and Shanghai Banking Corporation Limited, Sydney Branch (ABN 63 117 925 970); and (c) HSBC Bank Australia Limited (ABN 48 006 434 162), and any of their permitted assigns, transferees or replacement lender(s).
Shares	means an ordinary share in the capital of the Issuer.
Shortfall Beneficiary	has the meaning given to that term in the Intercreditor Deed.
Shortfall Debt	means financial indebtedness owed by an Obligor to a Shortfall Beneficiary under the Shortfall Security Trust Deed.
Shortfall Security Interest	a Security Interest that secures the Shortfall Debt.
Shortfall Security Trust Deed	has the meaning given to that term in the Intercreditor Deed.
Special Resolution	means: <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 66.67% of the persons voting on a show of hands (unless paragraph (b) below applies); and (ii) at least 3 Noteholders voting in favour of the resolution; or (b) if a poll is duly demanded, then by: <ul style="list-style-type: none"> (i) a majority consisting of at least 66.67% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder's present (in person or by proxy)); and (ii) at least 3 Noteholders voting in favour of the resolution; or (c) a resolution passed by postal ballot or circular written resolution by: <ul style="list-style-type: none"> (i) Noteholders representing (in aggregate) at least 66.67% of the Face Value of all of the Notes; and (ii) at least 3 Noteholders voting in favour of the resolution.

Subsidiary	<p>has the meaning given to it in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation:</p> <ul style="list-style-type: none"> (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.
Super Resolution	<p>means:</p> <ul style="list-style-type: none"> (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions: <ul style="list-style-type: none"> (i) by at least 90% of the persons voting on a show of hands (unless paragraph (ii) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 90% of the votes cast (where the votes cast shall be determined by reference to the Face Value of the Notes held by the Noteholder's present (in person or by proxy)); or (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 90% of the Face Value of all of the Notes.
Tax	<p>means any tax, levy, impost, charge, rate, withholding or duty (including stamp and transaction duties) levied or imposed by any Government Agency together with any related interest, penalties, fines and expenses in connection with them. It includes GST.</p>
Total Assets	<p>means the total assets of the Group as calculated in accordance with the Financial Reports.</p>
Transaction Documents	<p>means:</p> <ul style="list-style-type: none"> (a) the Trust Deed (including these Note Terms); (b) each Note; (c) the Security Trust Deed; (d) the Intercreditor Deed; (e) the Agency and Registry Agreement; and (f) each Collateral Security.
Trustee	<p>means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity), initially being Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308)</p>

Trust Deed	means the trust deed entitled 'Trust Deed for the FNP Note Trust' between the Issuer and the Trustee and dated on or before the Issue Date.
VWAP	the volume-weighted average price of a Security.
Winding Up	means, in respect of a person, the appointment of a liquidator or provisional liquidator of that person, and where the appointment is made by a court, by a court of competent jurisdiction in Australia.

1.2 Words and expressions

In this document, unless expressly provided otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a gender includes all genders;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a clause, paragraph, schedule, exhibit, attachment, annexure or party is a reference to a clause or paragraph in, or a schedule, exhibit, attachment, annexure or party to, this document;
- (e) a reference to this document includes any schedules, exhibits, attachments or annexures to it (as applicable);
- (f) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (g) a reference to "\$", "A\$", "AUD" or "dollar" is a reference to Australian currency;
- (h) a reference to a particular person includes that person's executors, administrators, successors, permitted substitutes and permitted assigns who take under an assignment or novation pursuant to the terms of this document;
- (i) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;
- (j) the word "person" includes an individual as well as a body corporate, a partnership, an association, a firm, a joint venture, a trust, a government or governmental authority or governmental agency (whether or not incorporated or having a separate legal identity);
- (k) a reference to any legislation or to any provision of any legislation includes all delegated or subordinate legislation, including statutory instruments and regulations, issued or made under that legislation or provision, and all modifications, re-enactments, consolidations or replacements of any of them, from time to time;

- (l) the words “include”, “including”, “for example”, “such as” or other similar expressions (in any form) are not words of limitation and must be read as if they are followed by the words “without limitation”; and
- (m) a reference to a body or entity, other than a party to this document, whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Headings

Headings and sub-headings (including those in brackets at the beginning of a clause) are used for convenience only and do not affect the interpretation of this document.

1.4 Contra proferentem rule

No provision of this document is to be interpreted against the interests of a party (or to that party's disadvantage) because that party (or that party's representative) was responsible for the preparation of this document or that provision, or because that party seeks to rely on that provision.

1.5 Rights and powers subject to statute

The parties acknowledge that:

- (a) the exercise of a right or power under this document, including a right to terminate, may from time to time be subject to a statutory stay, limitation or restriction, including under Parts 5.1, 5.2 and/or 5.3A of the Corporations Act; and
- (b) they must make their own searches, investigations, enquiries and evaluations in relation to any exercise or proposed exercise of a right or power under this document.

1.6 Timing provisions

In this document, unless expressly provided otherwise:

- (a) **(Business Days)** if:
 - (i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing is to be done on the next Business Day; and
 - (ii) any money falls due for payment on a day other than a Business Day, that money is to be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period);
- (b) **(reference to “day”)** a reference to a day is to the period of time commencing at midnight and ending 24 hours later;

- (c) **(time in a particular jurisdiction)** a reference to a time of day is a reference to the time in Sydney, New South Wales, Australia;
- (d) **(period of time)** if a period of time is specified or calculated from a particular day, act or event, it is to be calculated exclusive of that day, or exclusive of the day of the act or event (as applicable); and
- (e) **(timing of event or act)** if an act or event must occur or be performed on or by a specified day, and it occurs or is performed after 5.00 pm on that day, it is taken to have occurred or been performed on the next day.

1.7 Other rules of interpretation

In this document, unless expressly provided otherwise:

- (a) **(method of payment)** any payment of money by one party to another must be in Australian currency and must be made by electronic funds transfer of cleared funds into a bank account specified in writing in advance by the recipient;
- (b) **(allocation of liabilities and rights)** a promise, representation or warranty given by or in favour of two or more persons under this document is given by them or for their benefit, as the case may be, jointly and severally;
- (c) **(reasonable or best endeavours)** an obligation on a party to use its endeavours (whether these be described as reasonable endeavours, all reasonable endeavours, best endeavours or however otherwise described) does not oblige that party to pay money (other than the payment of immaterial expenses or costs), provide consideration, or otherwise to undertake or agree to anything that is commercially onerous or unreasonable in the context of the terms of this document; and
- (d) **(inconsistency within document)** if a clause in the body of this document is inconsistent with a schedule, annexure or attachment of this document, the clause prevails to the extent of the inconsistency.

2 Convertible Notes – Terms of Issue

2.1 Form of the Notes

(a) Form

The Notes are redeemable convertible notes of the Issuer issued under the Trust Deed subject to these Note Terms. Noteholders are entitled to the benefit of and are bound by the provisions of the applicable Transaction Documents and these Note Terms.

(b) Face Value and Issue Price

- (i) The Notes are each issued fully paid with an Initial Face Value of \$1.00 (**Initial Face Value**).
- (ii) Each Note will be issued by the Issuer at an issue price of \$1.00 (**Issue Price**). The Issue Price must be paid in full on application.

(c) **Currency**

The Notes are denominated in Australian dollars.

(d) **No certificates**

No certificates will be issued to the Noteholders unless the Issuer determines that certificates should be available or are required by any applicable law.

(e) **Non-quotation of the Notes**

The Notes will not be quoted on ASX or other securities exchange.

(f) **No other rights**

The Notes confer no rights on a Noteholder:

- (i) to vote at any meeting of Members of the Issuer;
- (ii) to subscribe for or participate in any new issue of securities by the Issuer;
or
- (iii) to otherwise participate in the profits or property of the Issuer, except as set out in these Note Terms or the Transaction Documents.

2.2 Issue restrictions

- (a) Notes may only be transferred if the offer or invitation for the transfer, sale or purchase of the Notes is received by a person:
 - (i) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
 - (ii) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

3 Interest

3.1 Interest

- (a) Each Note bears interest on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date, Conversion Date or Redemption Date at the applicable Interest Rate. The applicable Interest Rate will depend on the elections made by the Issuer pursuant to clauses 3.1(c) and 3.1(d).
- (b) Interest is payable in arrears or will capitalise (as applicable) on each Interest Payment Date.

- (c) For any Interest Period beginning in the Initial Interest Term, the Issuer must pay the interest, but may, at its option, elect to pay interest on the Notes in any of the following ways:
 - (i) entirely in cash (**Cash Interest**); or
 - (ii) entirely by increasing the principal amount of the outstanding Notes by an amount equal to interest for the applicable Interest Period (**PIK Interest**); or
 - (iii) by paying a proportion in cash and the balance of accrued interest by increasing the principal amount of the outstanding Notes by that amount (**Initial Combination Interest**).
- (d) For any Interest Period beginning after the Initial Interest Term, the Issuer must pay interest but may elect, at its option, to pay the interest on the Notes for that Interest Period either:
 - (i) entirely in cash (**Cash Interest**); or
 - (ii) by doing each of the following:
 - (A) pay an amount in cash which is equal to the Partial Cash Interest (as defined in clause 3.2(d)) for the applicable Interest Period ; and
 - (B) increasing the principal amount of the outstanding Notes by an amount equal to the Partial PIK Interest (as defined in clause 3.2(e)) for the applicable Interest Period.

3.2 Interest Rate

Subject to clause 3.3:

- (a) **Cash Interest** on the Notes will accrue at a rate of 7.00% per annum and be payable in cash in respect of the applicable Interest Period;
- (b) **PIK Interest** on the Notes will accrue at a rate of 8.5% per annum and be payable by increasing the principal amount of the Outstanding Notes by an amount equal to the PIK Interest for the applicable Interest Period;
- (c) **Initial Combination Interest** on the Notes will accrue at a rate of 8.5% per annum and may be paid in whatever proportion of cash and by increasing the principal outstanding as the Issuer elects (by notice to the Trustee with a copy to the Paying Agent in writing) for the applicable Interest Period;
- (d) **Partial Cash Interest** on the Notes will accrue at a rate of 5% per annum and be payable in cash in respect of the applicable Interest Period; and
- (e) **Partial PIK Interest** on the Notes will accrue at a rate of 3.50% per annum and be payable by increasing the principal amount of the outstanding Notes by an amount equal to the Partial PIK Interest for the applicable Interest Period.

3.3 Adjusted Interest Rate

If the Issuer has issued a Relevant Disputes Notice in accordance with clause 6.6(b)(i):

- (a) each of the Cash Interest, PIK Interest and Initial Combination Interest will reduce by 1.00% per annum; and
- (b) the Partial Cash Interest and Partial PIK Interest will (in aggregate) reduce by 1.00% per annum (and the Issuer will, by notice to the Trustee and the Paying Agent in writing, advise how the reduction in interest is to be allocated between the Partial Cash Interest and Partial PIK Interest),

in each case, on and from the date on which the Relevant Disputes Notice has been issued and in relation to those Notes which are, at the relevant time, Convertible into Shares. For the avoidance of doubt, a Cash Interest rate of 7.00% per annum will reduce to 6.00% per annum in accordance with the operation of this clause.

3.4 General provisions applicable to Interest

(a) Calculation of Interest Rate and Interest payable

- (i) The Issuer must, as soon as practicable in each Interest Period, calculate the amount of interest payable for that Interest Period in respect of the Face Value of each Note.
- (ii) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest payable} = \frac{\text{Interest Rate} \times \text{Face Value} \times N}{365}$$

Where:

N means, in respect of:

- (A) the first Interest Payment Date of a Note, the number of days from (and including) its Issue Date to (but excluding) that first Interest Payment Date; and
- (B) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date, Conversion Date or Redemption Date.

(b) Notification of Interest Rate, Interest payable and other items

- (i) The Issuer must notify the Trustee and the Paying Agent of:
 - (1) for each Interest Period, the amount of interest payable; and
 - (2) any amendment to the amount referred to in subparagraph (1) arising from any extension or reduction in any Interest Period or Calculation Period.

- (ii) The Issuer must give notice under this clause 3.4 of the amount of interest on each Note for the Interest Period by no later than the fifth Business Day of that Interest Period.
- (iii) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or Calculation Period without prior notice but must notify the Trustee and the Paying Agent promptly after doing so.

(c) **Default Interest**

If an amount is not paid under these Note Terms on or before the due date, interest accrues on the unpaid amount at 2% per annum from (and including) the due date to (but excluding) the date on which payment is made to the Noteholder of the full unpaid amount.

(d) **Determination final**

The determination by the Issuer of all amounts, rates and dates falling to be calculated or determined by it under these Note Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee, each Agent and each Noteholder.

(e) **Calculations**

For the purposes of any calculations required under these Note Terms:

- (i) all figures must be rounded to three decimal places (with 0.0005 being rounded up to 0.001); and
- (ii) all amounts that are due and payable must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

(f) **Payment of Interest**

Notwithstanding any other provision of these Note Terms but subject to the Intercreditor Deed, the Issuer may (in its absolute discretion) elect at any time (upon 5 Business Days' notice to the Trustee and the Paying Agent) to pay in cash any interest that had previously been paid in kind (being PIK Interest and Partial PIK Interest). The payment of such interest will not constitute a partial voluntary redemption of the Notes.

(g) **Intercreditor Deed restrictions**

Without limiting the Issuer's obligations under clause 3.1, the actual payment of Cash Interest by the Issuer may, in some circumstances, be prohibited or otherwise restricted under the terms of the Intercreditor Deed. In such circumstances, the Issuer must comply with its obligations under the Intercreditor Deed (and must not pay the Cash Interest), but the Noteholders rights in respect of this clause 3 continue unless otherwise varied or waived by a Special Resolution of Noteholders.

4 Cash-settled Conversion

4.1 Notes are notionally Convertible until Shareholder Approvals obtained

Subject to these Note Terms, until the Shareholder Approvals are obtained in accordance with clause 5.2(a), the Noteholder has the right (**Cash-Settled Conversion Right**), in accordance with this clause 4, to notionally Convert the aggregate Face Value of all of its Notes which will be settled in cash on Conversion calculated as the number of Shares that would be issued to the Noteholder if its Notes were able to be Converted to Shares under clause 5 multiplied by a price per Share determined as follows:

- (a) in the case of a notional Conversion following receipt of a Cash-Settled Conversion Notice pursuant to clause 4.2(a) where the Exit Event relates to:
 - (i) a Change of Control Event – by reference to the Fair Market Value of the consideration payable for each Share under that Exit Event (plus the Fair Market Value of any distribution payable on each Share in connection with that Exit Event); or
 - (ii) a Sale Event – by reference to:
 - (A) where the Issuer makes a distribution and/or return of capital to Shareholders following the Sale Event – by reference to the aggregate of the:
 - (1) Fair Market Value of that distribution and/or return of capital payable on each Share; and
 - (2) the 10 trading day VWAP of the Shares calculated over the period commencing on the trading date that is one trading date after the date on which the Shares begin to trade on an ex-distribution or other entitlement basis in respect of that distribution and/or capital return; and
 - (B) in all other circumstances, the 10 trading day VWAP of the Shares calculated as at the date that is 5 Business Days after the date on which the Issuer has announced to the ASX all material terms relating to the sale;
- (b) in the case of a notional Conversion on the Maturity Date following receipt of a Cash-Settled Conversion Notice pursuant to clause 4.2(c), by reference to the 10 day VWAP of the Shares calculated immediately following the release of its full year financial results (Appendix 4E) or half year financial results (Appendix 4D) (as applicable); and/or
- (c) in all other cases, by reference to the 30 day VWAP of the Shares calculated as at the date that is 30 days after the date on which the Issuer has received a Cash-Settled Conversion Notice,

(provided that, if on any dates during the period in which a VWAP is calculated the VWAP is based on a price ex-Distribution or ex-any other entitlement, the VWAP shall be increased by an amount equal to the Fair Market Value of any such Distribution or other

entitlement per Share on those dates (determined on a gross basis and disregarding any Tax withholding or deduction)), (the **Cash Settlement Amount**).

4.2 Cash-Settled Conversion at the Noteholder's election

A Noteholder may elect to exercise its Cash-Settled Conversion Right in respect of all of its Notes by giving the Trustee (with a copy to the Registrar) notice in writing of its intention to Convert (**Cash-Settled Conversion Notice**) in the following circumstances only:

- (a) upon receipt of an Exit Notice in accordance with clause 6.3(a); or
- (b) upon receipt of an Early Redemption Notice issued by the Issuer in accordance with clause 6.2; or
- (c) in the 12 months prior to the Maturity Date, during the 45 day period on and from the date the Issuer releases whichever of the following is first provided to ASX in the 12 months prior to the Maturity Date:
 - (i) its full year financial results (Appendix 4E); or
 - (ii) half year financial results (Appendix 4D),

and provided, in each case, that the Shareholder Approvals have not been obtained in accordance with clause 5.2(a) prior to receipt by the Issuer of a Cash-Settled Conversion Notice by a Noteholder (**Cash Settlement Condition**).

4.3 Cash-Settled Conversion Notice (by Noteholder)

- (a) A Cash-Settled Conversion Notice must:
 - (i) be in writing (in such form as the Issuer may accept);
 - (ii) specify the number of Notes to be notionally Converted; and
 - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Cash-Settled Conversion Notice has been given:
 - (i) the notice cannot be withdrawn without the written consent of the Issuer;
 - (ii) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes the subject of the Cash-Settled Conversion Notice; and
 - (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Cash-Settled Conversion Notice as may be reasonably required by the Issuer and the Registrar.
- (c) Despite receipt by a Noteholder of an Early Redemption Notice under clause 6.2 or Exit Notice under clause 6.3, a Noteholder may still give a Cash-Settled Conversion Notice (for some or all of its Notes) provided the notice is given not less than 5 Business Days before the Redemption Date specified in the Early Redemption Notice or Exit Notice (as applicable).

- (d) A Cash-Settled Conversion Notice will not be effective if it is given by no later than when permitted under clause 4.2(c).

4.4 Effect of Cash-Settled Conversion

On the Cash-Settled Conversion Date:

- (a) the Noteholder's Note will be taken to have been Redeemed;
- (b) the Issuer must pay the Cash Settlement Amount to the Noteholder in accordance with clause 15; and
- (c) upon payment of the Cash Settlement Amount, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

4.5 Adjustments to Conversion Price for pro rata issues or bonus issues

- (a) Subject to clauses 4.5(b) and 4.5(c), if the Issuer or Subsidiary makes a pro rata issue (as defined under the ASX Listing Rules) or bonus issue (as defined under the ASX Listing Rules) to holders of Shares generally to subscribe for or purchase Shares, options, warrants or other securities or rights which are convertible into, or have a right to acquire, Shares, the Conversion Price will be adjusted immediately under the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP of one Share during the period from (and including) the first Business Day after the announcement of the pro rata issue or bonus issue to ASX up to (and including) the last Business Day of trading cum rights or bonus issue (or if there is no period of cum pro rata issue or bonus issue trading, an amount reasonably determined by the Issuer's Directors as representing the value of a Share cum the pro rata issue or bonus issue);

RD means the number of Shares on issue immediately before the issue of new Shares under the pro rata issue or bonus issue;

RN means the number of Shares issued, or to be issued, under the pro rata issue or bonus issue or as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants, securities or other rights calculated as at the date of issue of such options, warrants, securities or rights upon conversion or exchange or exercise of rights of subscription or purchase or rights in respect thereof at the initial conversion, exchange, subscription or purchase price or rate; and

A means the subscription price per Share for a pro rata issue (and is zero in the case of a bonus issue).

- (b) No adjustment to the Conversion Price will occur if **A** exceeds **P**.
- (c) Clause 4.5(a) does not apply to:
 - (i) Shares, options, warrants or other securities or rights which are convertible or exchangeable into, or have a right to acquire, Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan; or
 - (ii) any proposed issuance of options announced by the Issuer on or prior to the date on which the Notes are issued.
- (d) For the purpose of this clause 4.5, an issue will be regarded as a pro rata issue notwithstanding that the Issuer does not make offers to some or all the Issuer's holders of Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.

4.6 Adjustments to Conversion Price for off market buy-backs

- (a) Subject to clause 4.6(b), if the Issuer undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to holders of Shares (or otherwise cancels Shares for consideration), the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times 1/P \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP of one Share during the 20 Business Days before the announcement to ASX of the buy-back (or cancellation);

BD means the number of Shares on issue immediately before the buy-back (or cancellation);

BN means the number of Shares bought back (or cancelled); and

A means the buy-back (or cancellation) price per Share.

- (b) No adjustment to the Conversion Price will occur if **P** exceeds **A**.

4.7 Adjustment to Conversion Price for dividends and return of capital

If at any time the Issuer makes a pro rata return of capital to holders of Shares without cancellation of any Shares (a **Relevant Distribution**) the Conversion Price will be adjusted under the following formula:

$$CP = CPo \times \frac{P - RD}{P}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP of one Share during the period from (and including) the first Business Day after the announcement to ASX of the Relevant Distribution up to and including the last Business Day of trading cum the Relevant Distribution (or if there is no period of cum Relevant Distribution trading, an amount reasonably determined by the Issuer's Directors as representing the value of a Share cum the Relevant Distribution); and

RD means with respect to the Relevant Distribution, the amount of the cash and/or the value (as reasonably determined by the Issuer's Directors) of any other property distributed to holders of Shares per Share (or such lesser amount such that the difference between P and RD is greater than zero).

4.8 Adjustments to Conversion Price for reconstructions, etc

Subject to the ASX Listing Rules, where the Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such reconstruction, consolidation, division or reclassification by the following fraction:

$$CP = CPo \times \frac{A}{B}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

A means the aggregate number of Shares in issue immediately before such reconstruction, consolidation, division or reclassification, as the case may be; and

B means the aggregate number of Shares in issue immediately after, and as a result of, such reconstruction, consolidation, division or reclassification, as the case may be.

4.9 Other adjustments to Conversion Price

Despite the provisions of clauses 4.5 to 4.8, where:

- (a) the effect of any of the adjustment provisions set out in clauses 4.5 to 4.8 is not, in the opinion of the Issuer, appropriate in any particular circumstances (including because more than one adjustment provision applies); or
- (b) any other event occurs in relation to the Issuer that in the Issuer's opinion may have a dilutive or concentrative effect on the value of the Shares,

and, in the opinion of the Issuer, such occurrence would affect the relative values of Notes and the Shares, the Issuer may make such adjustment to the Conversion Price as it considers appropriate or necessary to maintain that relativity and so that the Noteholder will not receive a benefit that Shareholders do not receive and so that Shareholders will

not receive a benefit that the Noteholder does not receive, provided that the Issuer will act reasonably and in good faith in determining whether this clause applies in any particular circumstance or event and (if so) in determining what (if any) action should be taken.

4.10 Determination and notification of adjustments

- (a) The Issuer must promptly determine all adjustments to the Conversion Price required under this clause 4 and must promptly notify the Trustee and the Noteholders of that determination.
- (b) The Issuer shall promptly send the Trustee a certificate setting out particulars relating to each adjustment of the Conversion Price under this clause 4.
- (c) The Issuer's determination is, in the absence of manifest error, final and binding on the Trustee and each Noteholder.
- (d) Neither the Trustee nor the Agents shall be under any duty to monitor or ascertain whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same and will not be responsible to Noteholders for any loss arising from any failure by them to do so and may assume unless notified in writing to the contrary that no such event or circumstance has occurred.
- (e) Neither the Trustee nor the Agents shall be responsible for the issuance or delivery or registration or payment of, or any failure of the Issuer to pay any cash which are deliverable or payable upon or at any time in connection with Conversion of any Notes under this clause 4, or shall be accountable for the sufficiency, validity or value of any amount of cash.
- (f) Neither the Trustee nor the Agents shall be under any duty to calculate or verify any amounts stated in or the content of a Cash-Settled Conversion Notice or payable in connection with any Conversion.

4.11 Cash-Settled Conversion Right where Shareholder Approvals expire

- (a) In circumstances where:
 - (i) the Shareholder Approvals are obtained in accordance with clause 5.2(a);
 - (ii) the Shareholder Approvals are determined by a Court or regulator to have expired or no longer be in effect, or have otherwise expired or lapsed (including because any waiver or relief pursuant to which a Shareholder Approval was able to be relied on by a Noteholder has expired or lapsed); and
 - (iii) the expiry of the Shareholder Approvals was not caused by the actions or inactions of a Noteholder,

any Noteholder who had been entitled to the benefit of the Shareholder Approvals (that is, had, until such Shareholder Approvals had lapsed or expired, the right to convert) will be entitled to notionally Convert such number of Notes

which are not capable of being Converted to Shares, and the provisions under clauses 4.1 to 4.10 will apply with respect to those Notes.

(b) In circumstances where:

- (i) the Shareholder Approvals are obtained in accordance with clause 5.2(a); and
- (ii) as a result of a reconstruction of the Issuer's capital (including consolidation, subdivision, buy-back, reduction or return) the Current Majority Shareholder (as Noteholder) is unable to Convert some or all of its Notes which were otherwise approved by shareholders to be Converted to Shares pursuant to item 7 of section 611 of the Corporation Act,

the Current Majority Shareholder (as Noteholder) will be entitled to notionally Convert such number of Notes which are not capable of being Converted to Shares, and the provisions under clauses 4.1 to 4.10 will apply with respect to those Notes.

5 Equity Conversion

5.1 Notes are Convertible to Shares

Subject to the Shareholder Approvals being obtained in accordance with clause 5.2(a) and these Note Terms, a Noteholder has the right (**Equity Conversion Right**), in accordance with this clause 5, to Convert some or all of its Notes into a number of Shares determined by application of the following formula:

$$\frac{A}{B} \quad \text{where:}$$

A = the Equity Conversion Amount; and

B = the Conversion Price.

5.2 Shareholder Approvals

- (a) Conversion of any Notes into Shares is subject to the Issuer obtaining all necessary shareholder approvals (as determined by the Issuer, acting reasonably) to enable Conversion into Shares by the Noteholders including, as applicable:
 - (i) shareholder approvals under ASX Listing Rules 7.1 and 10.11 (or only Listing Rule 10.11 where Exception 14 of Listing Rule 7.2 applies); and
 - (ii) in the case of the Current Majority Shareholder (as Noteholder) only, shareholder approval under item 7 of section 611 of the Corporations Act,

(collectively, the **Shareholder Approvals**).

- (b) Subject to clause 5.2(c), the Issuer must use its best endeavours to obtain the Shareholder Approvals and do all things reasonably required in connection with seeking such approvals (provided that the Issuer may determine that some or all of the Shareholder Approvals are inter-conditional), including:
 - (i) convening a shareholders meeting, preparing a notice of meeting and explanatory memorandum and providing all reasonable assistance and information to an independent expert commissioned by the Issuer to prepare any required independent expert's report); and
 - (ii) ensure that any explanatory memorandum issued to shareholders in connection with seeking the Shareholder Approval includes a statement to the effect that each Director of the Issuer (other than conflicted directors) recommends that shareholders vote in favour of the Shareholder Approvals.
- (c) If shareholders do not vote in favour of the Shareholder Approvals prior to the issuance of the Notes, the Majority Noteholders may require that the Issuer use its best endeavours to seek to obtain such Shareholder Approvals again at further shareholders' meetings (including multiple times, where such Shareholder Approvals are either not obtained or have lapsed), provided that the Issuer may not be required to seek such Shareholder Approvals more than once in any financial year. For the avoidance of doubt, if shareholders do not vote in favour of the Shareholder Approvals prior to the issuance of the Notes, the Issuer's obligations under clause 5.2(b) only apply if the Issuer is required to seek the Shareholder Approvals under this clause 5.2(c).

5.3 Conversion at the Noteholder's election

- (a) Subject to paragraphs 5.3(b) and 5.4, a Noteholder may elect in its absolute discretion to Convert some or all of its Notes into Shares by giving the Trustee (with a copy to the Registrar) notice in writing of its intention to Convert some or all of its Notes into Shares (**Equity Conversion Notice**).
- (b) The Face Value of the Notes the subject of an Equity Conversion Right must be at least the lesser of \$2,000 or the balance of the Noteholder's holding of the Notes.

5.4 Equity Conversion Notice (by Noteholder)

- (a) An Equity Conversion Notice must:
 - (i) be in writing (in such form as the Issuer may accept);
 - (ii) specify the number of Notes to be Converted into Shares; and
 - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once an Equity Conversion Notice has been given:
 - (i) the notice cannot be withdrawn without the written consent of the Issuer;
 - (ii) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes the subject of the Equity Conversion Notice; and

- (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Equity Conversion Notice as may be reasonably required by the Issuer and the Registrar.
- (c) Despite receipt by a Noteholder of an Early Redemption Notice under clause 6.2 or Exit Notice under clause 6.3, a Noteholder may still give an Equity Conversion Notice (for some or all of its Notes) provided the notice is given not less than 5 Business Days before the Redemption Date specified in the Early Redemption Notice or Exit Notice (as applicable).
- (d) An Equity Conversion Notice will not be effective if it is given less than 10 Business Days before the Maturity Date.

5.5 Mandatory Conversion

If, at any time, the aggregate of (without double counting):

- (a) the number of Notes that have Converted into Shares; and
- (b) the number of Notes that Noteholders have elected to Convert into Shares on the Equity Conversion Date,

equals or exceeds 75% or more of the number of all Notes issued by the Issuer:

- (c) the remaining Notes will automatically convert into Shares; and
- (d) each relevant Noteholder will be deemed to have provided to the Trustee and the Issuer an Equity Conversion Notice specifying that all of its remaining Notes are to be Converted into Shares at an Equity Conversion Date specified by the Issuer in accordance with clause 5.6.

5.6 Effect of Conversion into Shares

On the Equity Conversion Date:

- (a) the Noteholder's Note will be taken to have been Redeemed, and the Noteholder will be taken to have agreed to pay the Equity Conversion Amount to the Issuer by way of subscription for new Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to the Conversion Price;
- (b) the Issuer will be taken to have issued to the Noteholder, and must register the Noteholder as the holder of, the Conversion Shares;
- (c) the Noteholder agrees to be registered as the holder of the Conversion Shares in the register of Members;
- (d) a holding notice in respect of the Conversion Shares is to be sent to the Noteholder at its registered address in respect of the relevant Notes;
- (e) the Issuer must use all reasonable endeavours to procure and maintain quotation of Conversion Shares on ASX; and
- (f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

5.7 Ranking of Shares

Shares issued on Conversion will be fully paid and will in all respects rank pari passu with all other fully paid Shares on issue on the relevant Equity Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Equity Conversion Date but for which the record date was prior to the Equity Conversion Date.

5.8 No fractional shares

No fractional Shares will be issued on Conversion. If the calculation under this clause results in an entitlement to a number of Shares which includes a fraction of a Share, the fraction will be disregarded.

5.9 Adjustments to Conversion Price for pro rata issues or bonus issues

- (a) Subject to clauses 5.9(b) and 5.9(c), if the Issuer or Subsidiary makes a pro rata issue (as defined under the ASX Listing Rules) or bonus issue (as defined under the ASX Listing Rules) to holders of Shares generally to subscribe for or purchase Shares, options, warrants or other securities or rights which are convertible into, or have a right to acquire, Shares, the Conversion Price will be adjusted immediately under the following formula:

$$CP = CPo \times 1/P \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP of one Share during the period from (and including) the first Business Day after the announcement of the pro rata issue or bonus issue to ASX up to (and including) the last Business Day of trading cum rights or bonus issue (or if there is no period of cum pro rata issue or bonus issue trading, an amount reasonably determined by the Issuer's Directors as representing the value of a Share cum the pro rata issue or bonus issue);

RD means the number of Shares on issue immediately before the issue of new Shares under the pro rata issue or bonus issue;

RN means the number of Shares issued, or to be issued, under the pro rata issue or bonus issue or as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants, securities or other rights calculated as at the date of issue of such options, warrants, securities or rights upon conversion or exchange or exercise of rights of subscription or purchase or rights in respect thereof at the initial conversion, exchange, subscription or purchase price or rate; and

A means the subscription price per Share for a pro rata issue (and is zero in the case of a bonus issue).

- (b) No adjustment to the Conversion Price will occur if **A** exceeds **P**.

- (c) Clause 5.9(a) does not apply to:
 - (i) Shares, options, warrants or other securities or rights which are convertible or exchangeable into, or have a right to acquire, Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan; or
 - (ii) any proposed issuance of options announced by the Issuer on or prior to the date on which the Notes are issued.
- (d) For the purpose of this clause 5.9, an issue will be regarded as a pro rata issue notwithstanding that the Issuer does not make offers to some or all the Issuer's holders of Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.

5.10 Adjustments to Conversion Price for off market buy-backs

- (a) Subject to clause 5.10(b), if the Issuer undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to holders of Shares (or otherwise cancels Shares for consideration), the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP of one Share during the 20 Business Days before the announcement to ASX of the buy-back (or cancellation);

BD means the number of Shares on issue immediately before the buy-back (or cancellation);

BN means the number of Shares bought back (or cancelled); and

A means the buy-back (or cancellation) price per Share.

- (b) No adjustment to the Conversion Price will occur if P exceeds A.

5.11 Adjustment to Conversion Price for dividends and return of capital

If at any time the Issuer makes a pro rata return of capital to holders of Shares without cancellation of any Shares (a **Relevant Distribution**) the Conversion Price will be adjusted under the following formula:

$$CP = CPo \times \frac{P - RD}{P}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP of one Share during the period from (and including) the first Business Day after the announcement to ASX of the Relevant Distribution up to and including the last Business Day of trading cum the Relevant Distribution (or if there is no period of cum Relevant Distribution trading, an amount reasonably determined by the Issuer's Directors as representing the value of a Share cum the Relevant Distribution); and

RD means with respect to the Relevant Distribution, the amount of the cash and/or the value (as reasonably determined by the Issuer's Directors) of any other property distributed to holders of Shares per Share (or such lesser amount such that the difference between P and RD is greater than zero).

5.12 Adjustments to Conversion Price for reconstructions, etc

Subject to the ASX Listing Rules, where the Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such reconstruction, consolidation, division or reclassification by the following fraction:

$$CP = CPo \times \frac{A}{B}$$

Where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

A means the aggregate number of Shares in issue immediately before such reconstruction, consolidation, division or reclassification, as the case may be; and

B means the aggregate number of Shares in issue immediately after, and as a result of, such reconstruction, consolidation, division or reclassification, as the case may be.

5.13 Other adjustments to Conversion Price

Despite the provisions of clauses 5.9 to 5.12, where:

- (a) the effect of any of the adjustment provisions set out in clauses 5.9 to 5.12 is not, in the opinion of the Issuer, appropriate in any particular circumstances (including because more than one adjustment provision applies); or
- (b) any other event occurs in relation to the Issuer that in the Issuer's opinion may have a dilutive or concentrative effect on the value of the Shares,

and, in the opinion of the Issuer, such occurrence would affect the relative values of Notes and the Shares, the Issuer may make such adjustment to the Conversion Price as it considers appropriate or necessary to maintain that relativity and so that the Noteholder will not receive a benefit that Shareholders do not receive and so that Shareholders will not receive a benefit that the Noteholder does not receive, provided that the Issuer will act

reasonably and in good faith in determining whether this clause applies in any particular circumstance or event and (if so) in determining what (if any) action should be taken.

5.14 Determination and notification of adjustments

- (a) The Issuer must promptly determine all adjustments to the Conversion Price required under this clause 5 and must promptly notify the Trustee and the Noteholders of that determination.
- (b) The Issuer shall promptly send the Trustee and the Noteholders a certificate setting out particulars relating to each adjustment of the Conversion Price under this clause 5.
- (c) The Issuer's determination is, in the absence of manifest error, final and binding on the Trustee and each Noteholder.
- (d) Neither the Trustee nor the Agents shall be under any duty to monitor or ascertain whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same and will not be responsible to Noteholders for any loss arising from any failure by them to do so and may assume unless notified in writing to the contrary that no such event or circumstance has occurred.
- (e) Neither the Trustee nor the Agents shall be responsible for the issuance or delivery or registration or payment of, or any failure of the Issuer to issue or deliver or register or pay, any Shares or other securities or property or cash which are deliverable or payable upon or at any time in connection with Conversion of any Notes under this clause 5, or shall be accountable for the sufficiency, validity or value (or the kind) of any such Shares or other securities or property or the amount of cash.
- (f) Neither the Trustee nor the Agents shall be under any duty to calculate or verify any amounts stated in or the content of an Equity Conversion Notice or payable in connection with any Conversion.

6 Redemption

6.1 Scheduled redemption on Maturity Date

- (a) Subject to clause 6.1(b), each Note is Redeemable by the Issuer on the Maturity Date for the Makewhole Amount unless:
 - (i) the Note has been previously Converted;
 - (ii) the Note has been previously Redeemed; or
 - (iii) the Note has been purchased by the Issuer and cancelled.
- (b) If a Noteholder has issued a Cash-Settled Conversion Notice in respect of the Note in accordance with clause 4.2(c) (and to avoid doubt, the Cash Settlement

Condition was satisfied at the time the Cash-Settled Conversion Notice was received by the Issuer), the Issuer must pay to that Noteholder in respect of the Note the Cash Settlement Amount in lieu of redemption.

6.2 Early Redemption by the Issuer

- (a) Where permitted under the Intercreditor Deed and subject to clause 6.3(e), compliance with any applicable law and the ASX Listing Rules, the Issuer may Redeem some or all of the Notes before their Maturity Date at the applicable Makewhole Amount, provided that the Issuer has given not less than 10 Business Days' notice in writing to the Trustee, each Agent and the Noteholders of the intention of the Issuer to Redeem the Notes (**Early Redemption Notice**).
- (b) Subject to clause 6.3(e), if an Early Redemption Notice is given by the Issuer under clause 6.2(a), the notice will be effective (and Redemption will occur) on the Redemption Date as specified by the Issuer in the Early Redemption Notice (which must be no less than 10 Business Days after the date of the Early Redemption Notice).
- (c) If, no later than 5 Business Days prior to Redemption of the Notes taking place pursuant to an Early Redemption Notice, a Noteholder delivers a Cash-Settled Conversion Notice for all of its Notes or Equity Conversion Notice for some or all of its Notes, the Cash-Settled Conversion Notice or Equity Conversion Notice (as applicable) will prevail for the Notes that are the subject of the Cash-Settled Conversion Notice or Equity Conversion Notice (as applicable).

6.3 Early Redemption – Exit Event Put

- (a) On a Sale Event (and where possible, subject to confidentiality obligations, at least 20 Business Days prior to the proposed Sale Event) or a Change of Control Event Trigger, the Issuer must give notice in writing to the Trustee, each Agent and the Noteholders (**Exit Notice**):
 - (i) specifying the occurrence, or proposed occurrence, of the Exit Event;
 - (ii) specifying the date on which the Exit Event occurred or is proposed to occur;
 - (iii) notifying that each Noteholder may elect to either:
 - (A) Redeem all of the Noteholder's Notes on the Redemption Date specified in the Exit Notice (which must be no later than immediately prior to the Exit Event), at the applicable Makewhole Amount;
 - (B) if clause 4 applies – exercise its Cash-Settled Conversion Right; or
 - (C) if clause 5 applies – exercise its Equity Conversion Right;
 - (iv) enclosing the form of the notice required to be given by a Noteholder if it elects to notify the Issuer that it wishes to have its Notes redeemed on the Redemption Date specified in the Exit Notice (**Redemption Notice**); and

- (v) such other information relating to the Exit Event as the Trustee may reasonably require to be given to the Noteholders.
- (b) Each Noteholder may, upon receipt of an Exit Notice:
 - (i) if clause 4 applies - exercise its Cash-Settled Conversion Right by delivering a Cash-Settled Conversion Notice for all of its Notes in accordance with clause 4.2, and in which case the Issuer must pay the Cash Settlement Amount on the applicable Cash-Settled Conversion Date;
 - (ii) if clause 5 applies - exercise its Equity Conversion Right by delivering an Equity Conversion Notice for some or all of its Notes in accordance with clause 5.3 at least 5 Business Days before the applicable Equity Conversion Date, and in which case the Conversion of the Notes to Shares will occur on the applicable Equity Conversion Date; or
 - (iii) notify the Issuer that it wishes to have its Notes redeemed on the Redemption Date specified in the Exit Notice by delivering a Redemption Notice, and in which case the Issuer must pay the applicable Makewhole Amount on that date.
- (c) A Cash-Settled Conversion Notice, Equity Conversion Notice or Redemption Notice received by the Issuer prior to the occurrence of an Exit Event will:
 - (i) be of no force or effect unless and until such Exit Event occurs, at which time it will have immediate effect; and
 - (ii) will immediately lapse if the Exit Event the subject of the Exit Notice does not occur,

unless such Notes have already been Redeemed or Converted in accordance with the relevant notice, as the case may be.
- (d) Subject to clause 6.3(e), if an Exit Notice is given by the Issuer under clause 6.3(a), the notice will be effective (and, where requested by a Noteholder, Redemption will occur) on the Redemption Date as specified by the Issuer in the Exit Notice (which must be no later than immediately prior to the Exit Event) in respect of any Notes that are the subject of a Redemption Notice.
- (e) If a Noteholder delivers:
 - (i) a Cash-Settled Conversion Notice for all of its Notes or Equity Settled Conversion Notice for some or all of its Notes, the Cash-Settled Conversion Notice or Equity Settled Conversion Notice will prevail for the Notes that are the subject of the Cash-Settled Conversion Notice or Equity Settled Conversion Notice (as applicable); or
 - (ii) a Redemption Notice for some or all of its Notes, the Redemption Notice will prevail for the Notes that are the subject of the Redemption Notice and those Notes will be redeemed by the Issuer on the Redemption Date at the applicable Makewhole Amount.

6.4 Effect of Noteholder Redemption Notice

Once given by a Noteholder, a Noteholder Redemption Notice cannot be withdrawn without the written consent of the Issuer.

- (a) A Noteholder Redemption Notice must be accompanied by evidence of title for the Notes the subject of the Notice as may reasonably be required by the Issuer and the Registrar.
- (b) A Noteholder must not deal with, transfer, dispose of or encumber any Notes the subject of a Noteholder Redemption Notice once that Notice has been given.

6.5 Purchase

Subject to compliance with any applicable law or requirement of ASX:

- (a) the Issuer and any of its Related Bodies Corporate (or any third party nominated by the Issuer) may, at any time, purchase Notes in the open market or otherwise and at any price agreed with one or more Noteholders;
- (b) if purchases are made by tender for the Notes by the Issuer or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (c) Notes purchased under this clause 6.5 may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Issuer).

6.6 Makewhole Amount

(a) Makewhole Amount payable on Redemption of Notes

Subject to clause 6.6(b), where the Redemption of Notes occurs at any time on or prior to the Maturity Date for any reason, the Issuer must pay to the relevant Noteholders on the relevant Redemption Date, an amount calculated so that the total amount payable by the Issuer on Redemption is equal to the applicable percentage in the table below corresponding to the period in which the Redemption Date occurs multiplied by the aggregate Initial Face Value of the Notes being redeemed, less the amount of all interest paid (but not capitalised) prior to the Redemption Date (if any) (the **Makewhole Amount**):

Period following issuance of the Note in which Redemption occurs	Applicable Makewhole Percentage	Reduced Makewhole Percentage
Years 1 & 2	175%	165%
Year 3 +4	185%	175%
Year 5	220%	210%
Year 6 (including the Maturity Date)	230%	220%

(b) Exceptions

(i) Where the Issuer holds a reasonable belief (acting on legal advice provided by any legal or other professional adviser engaged or appointed by it) that all issues (including any actual or threatened litigation or other proceedings) associated with or arising from the matters the subject of the Disputes Undertaking (**Relevant Disputes**) have been fully and finally resolved, the Issuer may issue a notice (**Relevant Disputes Notice**) to the Trustee, each Agent and the Noteholders.

(ii) If:

- (A) the Issuer has issued a Relevant Disputes Notice in accordance with clause 6.6(b)(i); and
- (B) the Issuer elects to Redeem the Notes at any time during the period commencing from the date which is 12 months following the date on which the Relevant Disputes Notice has been issued to the Trustee, each Agent and the Noteholders,

then, subject to clause 6.6(b)(iii), the Applicable Makewhole Percentage (as set out in column 2 of the table in clause 6.6(a)) which applies to the Makewhole Amount on the Redemption will reduce by 10% (as set out in column 3 of the table in clause 6.6(a)) (**Reduced Makewhole Amount**).

(iii) If:

- (A) the Issuer (acting reasonably and in good faith) has sought Majority Noteholders' consent to a bona fide proposed final and complete resolution, settlement and/or payment in relation to a Relevant Dispute which the board of the Issuer has determined to approve (subject to obtaining Majority Noteholders' consent);
- (B) the Majority Noteholders have not provided such consent within 60 days of request; and
- (C) the Issuer elects to Redeem the Notes at any time within the first 36 months following the date on which the initial Notes have been issued,

the amount payable upon Redemption is an amount calculated as:

(D) the Initial Face Value of the Notes; plus

(E) the greater of:

(1) an amount equal to 12 months' Interest on the Initial Face Value of Notes to be Redeemed (calculated at 8.5% per annum); and

(2) an amount calculated as follows:

A – B

Where:

A = an amount equal to 36 months' Interest on the Initial Face Value of Notes to be

Redeemed (calculated at 8.5% per annum); and

B = the value of all Cash Interest paid in respect of those Notes to be Redeemed, including Cash Interest to be paid on the Redemption Date.

7 Status, security and ranking

7.1 Status

- (a) The Notes at all times constitute direct and secured debt obligations of the Issuer.
- (b) Pursuant to the Guarantee, each of the Guarantors has agreed to guarantee to the Trustee and the Noteholders the Issuer's obligations under the Trust Deed and the Note Terms in respect of the Notes.

7.2 Security

- (a) The Notes are secured by the security interests granted by the Issuer and the Australian Guarantors to the Security Trustee under the Collateral Securities.
- (b) The Security Trustee holds the rights under the Collateral Securities on trust for the benefit of itself, the Trustee and the Noteholders in accordance with the terms of the applicable Transaction Documents.

7.3 Ranking of Notes

- (a) Each Note ranks for payment in a Winding Up of the Issuer:
 - (i) after all Priority Permitted Debt;
 - (ii) equally with each other Note, and any other Permitted Debt which the Majority Noteholders agree ranks equally with the Notes;
 - (iii) ahead of all Shortfall Debt;
 - (iv) ahead of all other Permitted Debt not otherwise covered in clauses 7.3(a)(i) to 7.3(a)(iii) (inclusive) above;
 - (v) ahead of all present and future unsubordinated and unsecured debt obligations of the Issuer, subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law; and
 - (vi) ahead of all Shares.
- (b) In order to give effect to the ranking specified in clause 7.3(a), in any Winding Up of the Issuer, the claims of Noteholders are limited to the extent necessary to ensure that:

- (i) all holders of Priority Permitted Debt which is governed by the terms of the Intercreditor Deed receive payment in accordance with the Intercreditor Deed; and
- (ii) Noteholders of the Notes receive payments on a pro-rata basis.
- (c) Neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Issuer in respect of the Notes, except on the basis set out in clauses 7.3(a) and 7.3(b), and in accordance (where applicable) with the Intercreditor Deed.
- (d) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Issuer to defeat the subordination in this clause.
- (e) The ranking of the Notes is not affected by the date of registration of any Noteholder in the Register.

8 Representations and warranties

For so long as any of the Notes remain outstanding, the Issuer makes the following representations and warranties to the Trustee and each Noteholder on the Issuer's and each Guarantor's behalf.

8.1 Status

- (a) It is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

8.2 Binding obligations

- (a) The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.
- (b) Without limiting the generality of paragraph (a) above, each Collateral Security to which it is a party creates the security interest which that Collateral Security purports to create and that security is (subject to any necessary Authorisations and registration requirements, equitable principles and laws generally affecting creditors' rights) valid and effective.

8.3 Non-conflict with other obligations

- (a) Its entry into and performance of the Transaction Documents and the transactions contemplated by those Transaction Documents (including the granting of the Collateral Security) do not and will not conflict with:
 - (i) any law or regulation applicable to it;
 - (ii) its or any of its Subsidiaries' constitutional documents; or

- (iii) any material agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

8.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

8.5 Governing law and enforcement

- (a) The choice of law referred to in clause 18.6 (*Governing Law and Jurisdiction*) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Any judgment obtained against it in any jurisdiction referred to clause 18.6 (*Governing Law and Jurisdiction*) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

8.6 Insolvency

No Insolvency Event has occurred or been taken in relation to a member of the Group.

8.7 No default

- (a) No Event of Default is continuing or might reasonably be expected to result from the making of any utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which might have a Material Adverse Effect.

8.8 No misleading information

- (a) Any factual information provided by or on behalf of the Issuer or a Guarantor or any other member of the Group in or for the purposes of the Prospectus (excluding projections) was true and accurate in all material respects and not misleading as at the date it was provided or as at the date (if any) at which it is stated.
- (b) Any financial projections provided by or on behalf of the Issuer or a Guarantor or any other member of the Group contained in the Prospectus have been prepared on the bases of recent historical information and reasonable assumptions.
- (c) Nothing has occurred or been omitted from the Prospectus and no information has been given or withheld that results in the information contained in the Prospectus being untrue or misleading in any material respect.

8.9 Financial statements

- (a) Except as disclosed in the Original Financial Statements, its Original Financial Statements were prepared in accordance with GAAP.
- (b) Except as disclosed in the Original Financial Statements, its Original Financial Statements give a true and fair view and fairly represent its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated, in the case of the Issuer).
- (c) Except as disclosed, its most recent financial statements delivered pursuant to clause 9.4(a) (*Financial statements*):
 - (i) have been prepared in accordance with GAAP; and
 - (ii) give a true and fair view of its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate (consolidated in the case of the Issuer).

8.10 Trustee

It does not enter into any Transaction Document or hold any property as trustee.

8.11 Ranking

The Collateral Security has or will have the ranking in priority which it is expressed to have in the Transaction Documents (if any) and it is not subject to any prior ranking or pari passu ranking Security Interests other than Permitted Security Interests.

8.12 Good title to assets

- (a) It and each of its Subsidiaries has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.
- (b) It is the sole legal and beneficial owner of the Secured Property subject to the Collateral Securities granted by it, free and clear of all Security Interests other than Permitted Security Interests.

8.13 Tax Consolidation

Each Obligor is a member of a Tax Consolidated Group for which the Head Company (as defined in the *Income Tax Assessment Act 1997*) is the Issuer.

9 Undertakings

9.1 General undertakings

For so long as any of the Notes remain outstanding, the Issuer must and must procure that the Guarantors (unless the Noteholders have otherwise approved pursuant to a Majority Noteholders Resolution):

- (a) **(Authorisations)** ensure that the Issuer and each Guarantor shall promptly:
- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
 - (ii) supply certified copies to the Trustee,
- of any Authorisation required to perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Transaction Document, and, to the extent that failure by it to obtain or maintain any such Authorisation is reasonably likely to have a Material Adverse Effect, any material Authorisation required for it to carry on its business;
- (b) **(compliance with laws)** comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect;
- (c) **(corporate existence)** will do everything necessary to maintain its corporate existence and all rights and franchises relating to its corporate powers or existence including, but not limited to:
- (i) not transferring the jurisdiction of incorporation;
 - (ii) not entering into any merger or consolidation;
 - (iii) not being in default in a material respect in complying with the provisions of the Corporations Act or any other applicable law as the context requires, the breach of which would cause it to lose its corporate existence; or
 - (iv) not entering into or effecting any other scheme under which it ceases to exist or under which the assets or liabilities or both of itself are vested in or assumed by any other person.
- Clause 9.1(c) does not apply to a solvent merger, amalgamation, reconstruction or consolidation which has been consented to by the Trustee acting on the instructions of the Majority Noteholders pursuant to a Majority Noteholders Resolution;
- (d) **(merger)** shall not enter into any amalgamation, demerger, merger or corporate reconstruction other than a Permitted Reorganisation;
- (e) **(taxation)** ensure that the Issuer and each Guarantor pays and discharges all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes; and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect;

- (f) **(insurance)** ensure that the Group takes out and maintains insurances with a reputable insurer in the manner and to the extent which is in accordance with prudent business practice having regard to the nature of the business and assets of the Group (including all insurance required by applicable law);
- (g) **(Shareholder matters)** seek the Noteholders' consent (via a Noteholders' Resolution) to any resolution or matter where Shareholder consent is sought under the ASX Listing Rules or Corporations Act;
- (h) **(customer and supplier agreements)** use reasonable endeavours to ensure that any customer or supplier agreements entered into, or renewed, by the Issuer or any Group member do not include provisions under which a Group member has an uncapped liability to indemnify the counterparty or any other person for losses associated with either the performance of the agreement or the products and services the subject of the agreement; and
- (i) **(Preservation of assets)** maintain in good working order and condition (ordinary wear and tear excepted) all of its material assets necessary or desirable in the conduct of its business, and pay all outgoings when due.

9.2 Negative covenants (Special Resolution)

For so long as any of the Notes remain outstanding, the Issuer must not and must procure that the Guarantors must not, without the approval of a Special Resolution:

- (a) **(sale of assets)** conduct or agree to conduct any transaction or series of related transactions in respect of a sale or disposition of assets where:
 - (i) Shareholder consent is required under the ASX Listing Rules and/or the Corporations Act in connection with that sale or disposition; or
 - (ii) other than pursuant to a Permitted Sale, an entity in the Group sells or agrees to sell significant assets or assets worth more than 10% of the Group's gross assets per annum, subject to an aggregate cap of 25% of the Group's gross assets until all Notes have been Converted or Redeemed;
- (b) **(Distributions)** declare or pay any Distributions to Shareholders where any of the following apply:
 - (i) any PIK Interest or Partial PIK Interest remains outstanding on the Notes;
 - (ii) an Event of Default is subsisting (or would result from any such dividend being made);
 - (iii) the Net Leverage, as calculated on the most recent Calculation Date, is greater than 4.0x,

and provided that the aggregate amount of all Distributions in a financial year may not exceed 50% of net profit after tax of the Group;
- (c) **(capital reduction)** other than in respect of the Notes, redeem, purchase, cancel, reduce, return capital on or otherwise acquire any share or other securities issued by a Member of the Group for repayment or return of capital in a Winding Up;

- (d) **(financial accommodation)** provide any financial accommodation or guarantees to any third party, other than:
 - (i) in the ordinary course of its ordinary business; and/or
 - (ii) in respect of Permitted Loans;
- (e) **(new debt)** incur any Financial Indebtedness or agree to do so, except Permitted Debt;
- (f) **(Pari Passu Debt pre-emptive right)** the Issuer may not issue any Pari Passu Debt (excluding for the avoidance of doubt any Notes issued pursuant to the Prospectus up to an aggregate Initial Face Value of \$265,000,000) unless each existing Noteholder is entitled to participate pro rata in the issuance of that Pari Passu Debt; or
- (g) **(Security Interests):**
 - (i) create or permit to exist a Security Interest over any of its assets or attempt or agree to do so except a Permitted Security Interest.
 - (ii) if the creation of a Security Interest cannot by law be restricted, create such a Security Interest over any of its assets without the holder of the Security Interest first entering into a deed of priority in a form acceptable to the Trustee.

9.3 Negative covenants (Majority Noteholders Resolution)

For so long as any of the Notes remain outstanding, the Issuer must not and must procure that the Guarantors must not, without the approval of a Majority Noteholders Resolution:

- (a) **(acquisitions)** make an acquisition of any asset or business where such acquisition requires shareholder consent under the ASX Listing Rules and/or the Corporations Act;
- (b) **(change of business)**: substantially change the general nature of the business of the Issuer or the Group from that carried on at the Issue Date; or
- (c) **(Hedging Policy)** enter into any Hedging Agreement other than in accordance with its Hedging Policy;
- (d) **(Disputes Undertaking)**: agree or consent to:
 - (i) any settlement or resolution of:
 - (A) *Nicholas Gehrke v Freedom Foods Group Limited & Deloitte Touche Tomatsu*, Supreme Court proceeding no. S ECI 2020 4505, filed on 7 December 2020;
 - (B) *Lester Buch v Freedom Foods Group Limited & Deloitte Touche Tomatsu*, Supreme Court proceeding no. S ECI 2021 00431, filed on 19 February 2021; or

- (C) any same or similar shareholder class actions brought or threatened against the Issuer in respect of the same facts, matters or circumstances arising prior to the Issue Date,

where the Issuer and/or any other Group member are required to contribute to payment of a settlement sum (other than where funded by contributions from third parties permitted under the Transaction Documents and/or insurance); or

- (ii) any settlement agreement with, or any settlement or damages payment, to, Blue Diamond Growers or any variation to or replacement of the existing BD Agreement; or

9.4 Information undertakings

(a) Financial statements

- (i) The Issuer shall provide to the Trustee, in the forms and times required by the ASX Listing Rules and the Corporations Act:
 - (A) copies of its audited consolidated financial statements for each financial year;
 - (B) copies of its reviewed consolidated financial statements for each financial half-year; and
 - (C) all documents dispatched by the Issuer to its shareholders (or any class of them) or its creditors generally (or any class of them) at the same time as they are dispatched.
- (ii) The Issuer will be taken to have complied with its obligations under clause 9.4(a) where it has lodged its financial statements or other documents (as applicable) with ASX.

(b) Miscellaneous information

- (i) The Issuer shall provide to the Trustee:
 - (A) the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group where such information is required to be disclosed to the market in accordance with the Listing Rules (and the Issuer will be taken to have complied with its obligations under this clause 9.4(b)(i)(A) where it has lodged disclosure of such information with the ASX);
 - (B) promptly, such information as the Trustee may reasonably require about property the subject of a Collateral Security and compliance of the Issuer and Guarantors with the terms of any Collateral Security;
 - (C) notice of any Event of Default (specifying details of it and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence but in any event no later than 2 Business Days after the Event of Default occurs;

- (D) notice of any Redemption Event, promptly upon becoming aware of its occurrence; and
- (E) promptly, copies of any real property valuations provided to any Senior Financier (or any agent acting on their behalf).

10 Guarantor coverage

10.1 Guarantor Coverage

The Issuer must ensure that at all times the Guarantor Group will comprise:

- (a) the Initial Guarantors, unless released with the consent of the Majority Noteholders provided pursuant to a Majority Noteholders Resolution;
- (b) any wholly owned member of the Group (other than an Excluded Subsidiary) which has EBITDA representing 5% or more of the EBITDA of the Relevant Group as shown in the most recent Financial Reports;
- (c) any wholly owned member of the Group (other than an Excluded Subsidiary) which has Total Assets representing 5% or more of the Total Assets of the Relevant Group as shown in the most recent Financial Reports;
- (d) wholly owned entities whose aggregate EBITDA represents at least 90% of the EBITDA of the Relevant Group as shown in the most recent Financial Reports;
- (e) wholly owned entities whose aggregate Total Assets represents at least 90% of the Total Assets of the Relevant Group as shown in the most recent Financial Reports;
- (f) any wholly owned member of the Group that holds material intellectual property;
- (g) any wholly owned member of the Group that has guaranteed the Permitted Senior Debt;
- (h) any member of the Group that is required to provide, or has provided, a Mortgage or Mortgage of Lease; and
- (i) any member of the Group that holds shares in a member of the Group that must be an obligor under any of paragraphs (a) through to (g) above (other than the Issuer),

in each case the figures for the individual members of the Group will be calculated on an unconsolidated basis and exclude all intra-Group items and investments in Subsidiaries, and all figures for the Group will be calculated on a consolidated basis.

10.2 Relevant Group

For the purposes of this clause 10, **Relevant Group** means the Group other than each Excluded Subsidiary.

11 Events of Default

11.1 Events of Default

An Event of Default occurs in relation to the Notes if:

- (a) **(non-issue of Shares)** the Issuer fails to issue Shares on Conversion in accordance with these Note Terms within 10 Business Days after the date on which such issue is to be made;
- (b) **(non-payment)** the Issuer fails to pay any amount payable by it under the Note Terms within 5 Business Days after the date on which it is due and, where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within 2 Business Days;
- (c) **(breach of Negative Covenants)** a member of the Group fails to comply with clause 9.2 and such failure remains unremedied for a period of 10 Business Days;
- (d) **(breach of Distribution Undertaking, or Disputes Undertaking)** a member of the Group fails to comply with the Distribution Undertaking or Disputes Undertaking;
- (e) **(breach of other obligations)** the Issuer fails to materially comply with any of its other obligations under the Note Terms or the Transaction Documents and such failure remains unremedied for a period of 15 Business Days after the earlier of:
 - (i) the Issuer receiving written notice from the Trustee in respect of the failure to comply; and
 - (ii) the Issuer becoming aware of the failure to comply;
- (f) **(insolvency)**
 - (i) in respect of any member of the Group, it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property; or
 - (ii) any other Insolvency Event occurs in respect of a member of the Group (but excluding any Winding Up of a dormant entity and/or winding up of an entity in connection with a Permitted Reorganisation);
- (g) **(litigation)** a final judgment or determination (including any injunctive relief or order for specific performance being granted or made) is received in relation to any litigation, arbitration, administrative, governmental against any member of the Group or its assets which have, or has or is reasonably likely to have a Material Adverse Effect;
- (h) **(cross default)**

- (i) any financial indebtedness in an amount exceeding \$10,000,000 of the Group (or any member of the Group) is not paid when due nor within any applicable grace period; or
 - (ii) any financial indebtedness in an amount exceeding \$10,000,000 of the Group (or any member of the Group) is declared to be due and payable prior to its specified maturity as a result of an event of default (however described);
- (i) **(delisting)** a Delisting Event occurs in respect of the Issuer;
- (j) **(Security Interest)** any Security Interest over an asset of the Group member with a value greater than \$10,000,000 is enforced;
- (k) **(cessation of business)** an Obligor ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business (other than as a part of a solvent re-organisation of the Group that is a Permitted Reorganisation);
- (l) **(unlawfulness)** at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes;
- (m) **(Government Agency)** all or substantially all of the assets of the Group is resumed or compulsory acquired by any Government Agency; or
- (n) **(vitiation)** all or any rights or obligations of the Issuer, Noteholders, the Trustee or the Security Trustee under the Transaction Documents are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

11.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it but in any event no later than 2 Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it and the steps, if any, being taken to remedy it). The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Issuer, a Guarantor or a Noteholder stating that an Event of Default has occurred and describing it.

11.3 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may, at its discretion:
 - (i) declare by notice to the Issuer (with a copy to the Noteholders and each Agent) that all the Notes are to be Redeemed for the Makewhole Amount (but not earlier than 5 Business Days after the date the Trustee gives notice under this clause) or on such other date specified in that notice; and
 - (ii) take enforcement action against, or direct the Security Trustee to take enforcement action against the Issuer and the relevant Group member (as applicable) in relation to the Event of Default in accordance with the Transaction Documents.

- (b) The Trustee must not take the action referred to in paragraph (a) above to enforce the obligations of the Issuer and/or the relevant Obligor (as applicable) in respect of the Trust Deed or the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
 - (i) in respect of an Event of Default under clauses 11.1(a) or 11.1(b) or 11.1(f)(i) - it shall have been so directed by an MD Noteholders Resolution of the Noteholders of the relevant Notes; or
 - (ii) in respect of an Event of Default under clauses 11.1(c), 11.1(d), 11.1(e), 11.1(f)(ii), 11.1(g), 11.1(h), 11.1(i), 11.1(j), 11.1(k), 11.1(l), 11.1(m) or 11.1(n) - it shall have been so directed by a Majority Noteholders Resolution of the Noteholders of the relevant Notes.
- (c) The Trustee shall not be bound to take the action referred to in paragraph (a) or (b) above to enforce the obligations of the Issuer and/or the relevant Obligor (as applicable) in respect of the Trust Deed or the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
 - (i) it is indemnified and/or secured and/or prefunded, to its satisfaction, against all Liabilities which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
 - (ii) it is first placed in funds sufficient to cover the Liabilities that it may incur as a result of doing so; and
 - (iii) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view (acting reasonably) that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by a Majority Noteholders Resolution or MD Noteholders Resolution (as applicable), and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Majority Noteholders Resolution or MD Noteholders Resolution (as applicable).

11.4 No enforcement by Noteholders

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Issuer under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (a) sue the Issuer;
- (b) obtain judgment against the Issuer; or

- (c) apply for or seek Winding Up of the Issuer.

12 Changes to Guarantors

12.1 Additional Guarantors

- (a) The Issuer may request that any of its wholly owned Subsidiaries become an additional Guarantor. That Subsidiary shall become an additional Guarantor on the later of:
 - (i) the date the Issuer delivers to the Trustee a duly completed and executed Accession Letter to the Guarantee; and
 - (ii) the date the Trustee confirms it has satisfied all required *know your customer* checks in relation to that Subsidiary.

12.2 Resignation of Guarantors

- (a) The Issuer may request that a Guarantor (other than the Issuer) ceases to be a Guarantor by delivering to the Trustee a Resignation Letter.
- (b) The Trustee must accept a Resignation Letter (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) and notify the Issuer and the Noteholders of its acceptance if:
 - (i) the Issuer has provided an Officer's Certificate confirming in writing that no default is continuing or would result from the acceptance of the Resignation Letter; and
 - (ii) where the relevant Guarantor also guarantees the Permitted Senior Debt, the Issuer has provided an Officer's Certificate confirming in writing that the relevant Guarantor is to be released from its guarantee of the Permitted Senior Debt at the same time,

whereupon the Trustee must release the relevant Guarantor from the Guarantee and that company shall cease to be a Guarantor and shall have no further rights or obligations under or in connection with the Notes as a Guarantor.

13 Title and transfer of Notes

13.1 Title

Title to a Note is evidenced by, and a transfer of the Notes may only be effected through, registration in the Register.

13.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Noteholder to pay principal, interest and any other amount in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a Member of the Issuer or confer rights on a Noteholder to attend or vote at meetings of Members of the Issuer.

13.3 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or manifest error.

13.4 Non-recognition of interests

Except as required by law, the Issuer, the Trustee and each Agent must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 13.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

13.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

13.6 Transfers in whole

The Notes may be transferred in whole but not in part.

13.7 Transfer

- (a) A Noteholder may, subject to this clause 13.7, transfer any Notes by delivery of any Note certificate issued in respect of that Note, together with the form of transfer duly completed and signed by the Noteholder or such Noteholder's attorney duly authorised in writing, to the specified office of the Registrar (with a copy to the Issuer and the Trustee).
- (b) The form of transfer is set out in Schedule 4.
- (c) No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons). The Issuer must not charge any fee on the transfer of a Note.
- (d) A Noteholder must not transfer, assign or novate rights in connection with the Notes to a person whom officers of the relevant existing Noteholder know to be an Offshore Associate of the Issuer.

- (e) Other than where an Event of Default is subsisting, a Noteholder must not transfer, assign or novate any Notes to a hedge fund, vulture fund, a distressed debt fund or any other entity which principally invests in distressed debt (or any subsidiary of such a fund or entity).
- (f) Notes may only be transferred if the offer or invitation for the transfer, sale or purchase of the Notes is received by a person:
 - (i) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
 - (ii) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

13.8 Issuer obligations

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

13.9 Delivery of instrument

If an instrument is used to transfer the Notes according to clause 13.7, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

13.10 Refusal to register

- (a) The Issuer and/or Registrar must not register, or cause to be registered, a transfer of any Notes until the Trustee and Security Trustee have carried out any necessary “know your customer” or other similar checks in relation to the person and have confirmed to the Issuer that those checks are satisfactory.
- (b) Subject to clause 13.10(a), the Issuer and/or Registrar may only refuse to register a transfer of any Notes if such registration would contravene or is forbidden by Applicable Regulations or the Note Terms.
- (c) If the Issuer/Registrar refuses to register a transfer, the Issuer must use best endeavours to give the lodging party notice of the refusal and the reasons for it within 5 Business Days after the date on which the transfer was delivered to the Registrar.

13.11 Transferor to remain Noteholder until registration

A transferor of a Note remains the Noteholder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

13.12 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 13.2.

13.13 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

13.14 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

14 Meetings of Noteholders

The Issuer or Trustee may call a meeting of Noteholders in the manner as provided in the Meeting Provisions. Meetings of Noteholders must be conducted in accordance with the Meeting Provisions.

15 Payments

15.1 Summary of payment provisions

Payments in respect of the Notes will be made in accordance with this clause 15.

15.2 Record Date

All payments under or in respect of a Note will be made only to those persons registered as the holder of that Note at the nominated time on the relevant Record Date.

15.3 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 16.

15.4 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place, and, in either case, the Noteholder is not entitled to any additional payment in respect of that delay.

15.5 Payments to accounts

Moneys payable by the Issuer to a Noteholder may be paid in any manner the Issuer decides, including by direct credit into a nominated account of the Noteholder at an Australian branch of a financial institution.

15.6 Payments by cheque

- (a) The Issuer may decide that payments in respect of the Notes will be made by cheque sent by prepaid post on the payment date to the Noteholder (or to the first named joint holder of the Notes) at its address appearing in the Register.
- (b) Cheques sent to the nominated address of a Noteholder will be at the risk of the registered Noteholder and will be taken to have been received by the Noteholder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

15.7 Unsuccessful attempts to pay

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

- (e) the amount will be taken to have been duly paid to the Noteholder and will not bear Interest; and
- (f) the amount will be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder (or any legal personal representative of the Noteholder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

15.8 Payment to joint Noteholders

A payment to any one of the joint Noteholders of a Note will discharge the Issuer's liability in respect of the payment.

16 Deductions

16.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of Taxes, unless such withholding or deduction is required by law.

16.2 Withholding and other taxes

- (a) The Issuer may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (b) The Issuer must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Issuer.
- (c) If an amount is deducted or withheld under clause 16.2 from a payment to a Noteholder in respect of any Tax, the Issuer will have no obligation to pay any additional amount to the Noteholder such that the Noteholder, at the time the payment is due, receives the same amount it would have received if no deductions or withholdings had been required to be made.

16.3 Information

Each Noteholder will provide to the Issuer when reasonably requested by the Issuer any factual information in its possession or which is reasonably able to provide to assist the Issuer to demonstrate that the requirements under s128F of the Tax Act in respect of the issuance of the Notes has been satisfied (and which, in Noteholder's reasonable opinion will not cause the Noteholder to breach any law, regulation or duty of confidence).

17 Amendment of the Note Terms

17.1 Amendment without the approval of the Noteholders

At any time, and from time to time, but subject to clause 18.1 of the Trust Deed, the Note Terms (which, for the avoidance of doubt, includes this clause 17) may be modified, altered, cancelled, amended or added to (collectively **Modified**), without the consent of the Noteholders, if such modification, alteration, cancellation, amendment or addition (collectively **Modification**) is, in the opinion of the Trustee:

- (a) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
- (b) necessary to cure any ambiguity or correct or supplement any defective or inconsistent provision; or
- (c) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority,

provided that, in each case, in the opinion of the Trustee, such amendment is not materially prejudicial to the interests of the Noteholders as a whole.

17.2 Reliance on legal opinions

In respect of a Modification sought by a party in reliance on any one of clauses 17.1(a) to 17.1(c) above, the Trustee may (without limiting its general rights under the Trust Deed) obtain an opinion from legal, taxation or accountancy advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Trustee (acting reasonably) and is addressed to or is otherwise able to be relied on by the Trustee, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (a) a Modification within the scope of any one or more of clauses 17.1(a) to 17.1(c); and
- (b) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

17.3 Amendment with the approval of the Noteholders

- (a) At any time, and from time to time, but subject to clauses 17.3(b) and 17.3(c) of the Note Terms and clause 18.2 of the Trust Deed, the Note Terms (which, for the avoidance of doubt, includes this clause 17) may be Modified if such Modification is authorised by a Majority Noteholders Resolution.
- (b) If the Trustee considers in its absolute discretion the Modification will be materially prejudicial to the interests of Noteholders of the Notes (taken as a whole) (including any approvals of acquisitions and dispositions), then the Modification must be authorised by a Special Resolution.
- (c) If the Modification extends the Maturity Date, reduces the payment amounts in respect of the Notes or amends this clause 17.3(c), then the Modification must be authorised by a Super Resolution.
- (d) If a clause in the Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that clause may only be Modified if such Modification is authorised by a Special Resolution.
- (e) If a clause in the Note Terms provides for Noteholders to give a direction to the Trustee by a Super Resolution, then that clause may only be Modified if such Modification is authorised by a Super Resolution.

18 General

18.1 Reporting

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Noteholder (if requested by that Noteholder) will be provided with e-copies of all annual and half-yearly reports and financial statements provided to holders of Shares.

18.2 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

18.3 Voting

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests including certain variations of these Note Terms which require the consent of the Noteholders.

18.4 Notices

The Trust Deed contains provisions for the giving of notices.

18.5 Further documents

The Issuer may require the Trustee to execute, on behalf of all Noteholders, such documents as the Issuer considers necessary or desirable (provided that the Trustee is indemnified and/or secured and/or prefunded to its satisfaction, against any Liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so, and provided that the Trustee will only be required to execute such documents if the Noteholders give a Direction to the Trustee by a Special Resolution passed in favour of such execution to do so).

18.6 Governing law and jurisdiction

- (a) These Note Terms and the Notes are governed by the laws of New South Wales.
- (b) The Issuer and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales in connection with matters concerning the Notes or these Note Terms.
- (c) The Issuer and each Noteholder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

Schedule 1 Initial Guarantors

Freedom Foods Group Limited ACN 002 814 235

Freedom Foods Group Financing Pty Ltd ACN 127 100 387

Freedom Foods Group Trading Pty Ltd ACN 614 863 286

Freedom Foods Group Operations Pty Ltd ACN 089 982 392

Freedom Foods Group IP Pty Ltd ACN 109 854 373

Pactum Dairy Group Pty. Ltd. ACN 158 174 442

Freedom Foods Pty Ltd ACN 068 972 181

Freedom Foods Group Ingleburn Pty Ltd ACN 600 569 382

Paramount Seafoods Pty Ltd ACN 070 130 120

Freedom Foods Group Dandenong Pty Ltd ACN 007 362 263

Pactum Australia Pty Ltd ACN 112 913 336

Freedom Foods Group Nutritionals Pty Ltd ACN 618 227 759

Freedom Foods China Pty Ltd ACN 129 132 234

Pactum Dairy Holdings Pty Limited ACN 600 569 373

Freedom Foods Group Shepparton Nutritionals Pty Ltd ACN 628 620 977

Address:

80 Box Road

Taren Point NSW 2229

Email:

companysecretary@ffgl.com.au

Schedule 2 Collateral Securities

- A. Mortgage, means each real property mortgage over each of the following properties:
- a. the property located at 160 Doyles Road, Shepparton VIC 3630 with title reference volume 10280 folio 701 owned by Pactum Australia Pty Ltd ACN 112 913 336; and
 - b. any other real property acquired by the Group from time to time.
- B. Mortgage of Lease, means each registrable mortgage of lease over the following leases
- (a) the lease between Pactum Dairy Holdings Pty Limited ACN 600 569 373 and Perich Property Pty Limited ACN 001 253 587 as trustee for the Perich Property Unit Trust ABN 74 413 146 214 over the Ingleburn Property;
 - (b) the lease between Pactum Dairy Holdings Pty Ltd ACN 600 569 373 and Perich Property Holdings Pty Ltd ACN 106 560 034 over the property located at 102 Old Dookie Road, Shepparton Victoria with title reference volume 11978 Folio 040 (over the parts formerly in title reference volume 11220 folio 216 and volume 11462 folio 811);
 - (c) the lease between Pactum Dairy Group Pty Ltd ACN 158 174 442 and Perich Property Holdings Pty Ltd ACN 106 560 034 over the property located at 102 Old Dookie Road, Shepparton Victoria with title reference volume 11978 Folio 040 (over the parts formerly in title reference volume 11462 folio 810);
 - (d) the lease between Perich Property Holdings Pty Ltd ACN 106 560 034 and Pactum Australia Pty Ltd ACN 112 913 336 over the property located at 80 Box Road, Taren Point NSW 2229 with title reference Lot 1 in Strata Plan 31555, being that property described within folio identifiers 1/SP31555;
 - (e) the lease between Greg Votsikas and Nickie Votsikas (together, the Marrickville Landlord) and Freedom Foods Group Operations Pty Ltd dated 1 May 2020 over the property located at 51-55 Carrington Road, Marrickville NSW 2204 (**Marrickville Lease**)
 - a. any other lease the Issuer agrees should be subject to a Mortgage of Lease from time to time.
- C. Landlord right of entry deeds in relation to each Mortgage of Lease (provided that the obligation to provide a Landlord right of entry for the Marrickville Lease will be limited to the Issuer using its reasonable endeavours to procure a landlord right of entry).

Schedule 3 Accession Letter

FORM OF ACCESSION DEED FOR NEW OBLIGORS

To: [] as Security Trustee and all present and future Beneficiaries under the Security Trust deed referred to below

From: [Name] (the "New Obligor")

Dated:

[Company] – [] Security Trust Deed

dated [] (the "Security Trust Deed")

1. We refer to the Security Trust Deed. This is an Accession Deed. Terms defined in the Security Trust Deed have the same meaning in this Accession Deed unless given a different meaning in this Accession Deed. This Accession Deed is a Security Trustee Document and (without limitation) Clause 3 (Role of the Security Trustee) of the Security Trust Deed applies to it accordingly.

2. With effect from and including the [date of this Deed] the New Obligor assumes the obligations and acquires the rights of an Obligor under the Security Trust Deed.

3. The New Obligor is a company duly incorporated under the laws of New South Wales.

4. The New Obligor's administrative details are as follows:

Address:

Fax No:

Attention:

5. This Accession Deed is governed by the law of the State of New South Wales.

Executed as a deed poll.

[Sealing wording for Subsidiary]

This Accession Deed is accepted by the Security Trustee

[Name of Security Trustee]

By:

Schedule 4 Form of transfer of Notes

To: [] as Registrar

From: [The Existing Noteholder] (the "**Existing Noteholder**") and [The New Noteholder] (the "**New Noteholder**")

Dated:

[Company] –Convertible Notes

1. We refer to the Notes Trust Deed (annexing the Convertible Notes Terms of Issue) dated on or about [] (the **Trust Deed**) executed by Freedom Foods Group Limited (the **Issuer**) and [Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308)] (the **Trustee**) and to the related Security Trust Deed dated [] (the **Security Trust Deed**) executed by [Global Loan Agency Services Australia Specialist Activities Pty Limited (ACN 635 992 308)] (the **Security Trustee**) and others. This is a Transfer Certificate for the purpose of the Security Trust Deed and the form of transfer of Notes referred to in Clause 13.7 (Transfer) of the Note Terms. Terms defined in the Trust Deed have the same meaning in this document unless given a different meaning in this document.
2. We refer to Clause 13.7 (*Transfer*) of the Note Terms:
 - (a) The Existing Noteholder and the New Noteholder agree to the Existing Noteholder with effect from and including the Transfer Date in accordance with Clause 13.7 (*Transfer*) of the Note Terms transferring to the New Noteholder that number of Notes specified in the Schedule, and all of the Existing Noteholder's rights and obligations under the Trust Deed (including the Note Terms) and the other Transaction Documents.
 - (b) The proposed Transfer Date is [].
 - (c) The address and attention details for notices of the New Noteholder are set out in the Schedule.
3. The New Noteholder confirms that it is not an Offshore Associate of the Issuer.
4. In this paragraph, terms defined in the Security Trust Deed have the same meaning. If the New Noteholder is not already a Beneficiary under the Security Trust Deed, each of the Issuer, each Guarantor, and the Security Trustee (on behalf of itself and all other Beneficiaries) agrees, that on and from the New Noteholder being registered as a Noteholder in the Register, it is a Beneficiary under the Security Trust Deed. In consideration for that acknowledgment and agreement, the New Noteholder agrees that upon becoming a Noteholder it is bound by the Trust Deed, the Note Terms and by the terms set out in the Security Trust Deed. This document does not impose any other obligation or constitute any other conduct by the Note Trustee, Security Trustee or other Beneficiaries.
5. Notwithstanding anything to the contrary in this document, the Existing Noteholder, the New Noteholder, the Trustee and the Security Trustee acknowledge and agree that title to a Note is evidenced by, and a transfer of a Note may only be effected through, registration in

the Register, and that in the event of any inconsistency between this document and the Note Terms, the Note Terms prevail.

6. This document is a Security Trustee Document and (without limitation) Clause 3 of the Security Trust Deed applies to it accordingly.
7. This document may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this document.
8. This document and any non-contractual obligations arising out of or in connection with it is governed by New South Wales law.
9. This document has been entered into on the date stated at the beginning of this document.
10. *[Where the transferee is a trustee of a fund under Australian law, this certificate may if the Trustee and the Security Trustee agree contain a provision limiting its liability under the Secured Documents to fund assets except to the extent its right to apply the fund assets towards satisfaction of that liability is impaired because of a breach of trust or other impropriety, such provision to be in the following form or as otherwise agreed by the Trustee and the Security Trustee. Each of the Trustee's and the Security Trustee's decision is its own. It need not consult or obtain instructions and is not bound by instructions.]*
 - (a) **[Name of trustee](Trustee)** enters into and performs this document and the Trust Deed and the transactions they contemplate only as trustee of the **[insert name of trust] (Trust)**, except where expressly stated otherwise. This applies also in respect of any past and future conduct (including omissions) relating to this document and Trust Deed or those transactions.
 - (b) Under and in connection with this document and the Trust Deed and those transactions and conduct:
 - (i) Trustee's liability (including for negligence) is limited to the extent it can be satisfied out of the assets of the Trust. Trustee need not pay any such liability out of other assets;
 - (ii) another party may only do the following (but any resulting liability remains subject to this Clause):
 - (A) prove and participate in, and otherwise benefit from, any form of insolvency administration of Trustee but only with respect to Trust assets;
 - (B) exercise rights and remedies with respect to Trust assets, including set-off;
 - (C) enforce its security (if any) and exercise contractual rights; and
 - (D) bring any other proceedings against Trustee, seeking relief or orders that are not inconsistent with the limitations in this Clause and may not otherwise:
 - (E) bring proceedings against Trustee;

- (F) take any steps to have Trustee placed into any form of insolvency administration (but this does not prevent the appointment of a receiver, or a receiver and manager, in respect of Trust assets); or
 - (G) seek by any means (including set-off) to have a liability of Trustee to that party (including for negligence) satisfied out of any assets of Trustee other than Trust assets.
- (c) Paragraphs (a) and (b) apply despite any other provision in this document but do not apply with respect to any liability of Trustee to another party (including for negligence) to the extent that Trustee has no right or power to have Trust assets applied towards satisfaction of that liability, or its right or power to do so is subject to a deduction, reduction, limit or requirement to make good, in any case because Trustee has acted beyond power or improperly in relation to the Trust.
- (d) The limitation in paragraph (b)(i) is to be disregarded for the purposes (but only for the purposes) of the rights and remedies described in paragraph (b)(ii), and interpreting this document and the Trust Deed and any security for it, including determining the following:
- (i) whether amounts are to be regarded as payable (and for this purpose damages or other amounts will be regarded as a payable if they would have been owed had a suit or action barred under paragraph (b)(ii) been brought);
 - (ii) the calculation of amounts owing; or
 - (iii) whether a breach or default has occurred,
 - (iv) but any resulting liability will be subject to the limitations in this Clause.]

THE SCHEDULE

Notes to be transferred

[insert relevant details]

[address and attention details for notices and account details for payments,]

[Existing Noteholder]

[New Noteholder]

By:

By:

[insert execution blocks for both Existing Noteholder and New Noteholder]

This document is executed as a deed and for the purposes of paragraph 4 [and 8] only, is accepted by the Security Trustee.

The Transfer Date is confirmed as [].

[Security Trustee]

By:

