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

## **Freedom Foods Group Limited Sale of Cereal and Snacks Assets to The Arnott's Group**

Freedom Foods Group Limited (ASX: FNP) today announces the sale of its Cereal and Snacks operations to The Arnott's Group as part of the ongoing program to simplify the Company's business structure and product range, improve profitability and prioritise growth opportunities.

As indicated in the ASX announcement of 30 November 2020, Freedom Foods Group and its advisers have been reviewing all strategic options for the Cereal and Snacks business – the market-leading producer of allergen-free and healthy breakfast cereals and snacks. While actively pursuing a 'fix and retain' strategy, the Group has also been exploring a potential divestment.

Freedom Foods Group has now reached agreement with The Arnott's Group for the sale of certain assets and liabilities of the Cereal and Snacks business for A\$20 million in cash. Net cash proceeds are estimated at A\$11 million after deducting costs associated with the transaction and associated equipment leases.

Net assets of approximately of A\$20 million are included in the sale. Subject to customary completion adjustments, there is not expected to be any further material impairment of the carrying value of net assets.

The sale includes the Cereal and Snacks manufacturing facilities in Leeton and Darlington Point in NSW and in Dandenong in Victoria, as well as all brands associated with the business, including Freedom Foods, Messy Monkeys, Heritage Mill, Arnold's Farm and Barley+. The sale does not include the Crankt Protein brand, which will remain a valuable part of the Freedom Foods Group product portfolio.

The majority of Cereal and Snacks employees will transfer to the new owners, although there are likely to be some redundancies, which will be managed by Freedom Foods Group. The final number will be determined by Freedom Foods Group before the finalisation of the transaction following consultation with employees.

Freedom Foods Group Interim Chief Executive Officer Michael Perich said the Company considered The Arnott's Group – an iconic Australian consumer food company – a highly complementary owner of Cereal and Snacks.

"We believe the Cereal and Snacks business will thrive under an owner such as The Arnott's Group, which is committed to investing in the business and employees to ensure a sustainable and successful future," Mr Perich said. "This decision is consistent with the new executive team's strategy of simplifying both our business structure and product range to ensure we are maximising growth opportunities in Dairy and Nutritionals and Plant-based Beverages."

The Arnott's Group CEO, George Zoghbi, said the group was excited about the opportunity to acquire new capabilities in portable snacks and allergen-free products, including gluten-free foods and muesli bars.

"This purchase of manufacturing sites and leading consumer brands from Freedom Foods Group will accelerate our strategy of entering new product categories and unlock innovation to benefit customers and consumers," Mr Zoghbi said. "This will add three Australian manufacturing sites to our already well-invested



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domestic supply chain. Once the purchase is finalised, our domestic manufacturing network will extend across eastern Australia from Virginia in Queensland, Huntingwood, Leeton and Darlington Point in NSW to Shepparton and Dandenong in Victoria and Marleston in South Australia.”

The transaction is expected to complete on 1 March 2021 and remains subject to the satisfaction of customary conditions for a transaction of this nature. No financing or regulatory approvals are required.

The company was advised by Moelis Australia and GRT Lawyers.

Following the sale of the Freedom Foods cereals brand, Freedom Foods Group will undertake to change its corporate name. Further information will be provided to shareholders at the appropriate time.

#### **Investor inquiries**

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*Authorised by the Board of Directors*