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Company Announcements Office
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Freedom Foods Group Limited (ASX: FNP)
Strategic Partnership and Joint Venture for Arnold's Farm Cereal & Snacks with Theland

Freedom Foods Group Limited (Freedom Foods or the Company) (ASX: FNP) advises that it has entered into an arrangement to establish a strategic partnership with Theland New Cloud Digimart Co (Theland) for the development of the Arnold's Farm range of cereals and snacks in China.

The arrangements were signed during the opening stages of the China International Import Expo (CIIE) in Shanghai.

Majority owned by Alibaba Group, Theland is a China-based brand owner and distributor with extensive sales capabilities across both online and offline channels in more than 25 provinces in China. Its strategic relationship with Alibaba provides for deeper customer focused integration into online channels and for accelerated distribution into Alibaba's offline "new retail" strategy.

Theland's product range includes meat, dairy, water, cereals and supplements.

Under the arrangements, Theland will become the exclusive distributor for Arnolds Farm branded cereal and snacking products in the China market including online and offline channels, further leveraging the integration between online and the "new retail" strategy being developed by Alibaba.

The Arnold's Farm brand is one of the top three oat cereals on Alibaba's Tmall International. The brand has continued to achieve strong growth in online channels. In offline distribution, the Arnold's Farm brand is now sold in more than 4,000 outlets across China following significant investment by Freedom Foods in building its channels to market.

Under the Terms of the Arrangements, after an initial startup period, both Theland and Freedom Foods will establish a local China-based joint venture to develop and market the Arnold's Farm brand across a wider capability of cereal and snack formats. The JV will own the Chinese language trade mark for Arnold's Farm and be responsible for all sales marketing and distribution of the Arnold's Farm range of products in China. Freedom Foods will remain the exclusive long-term manufacturer of the Arnold's Farm range and use its manufacturing and product development capabilities in Australia to drive new innovation across a wider range of products under the Arnold's Farm brand for both online and offline sales channels.

The JV arrangements with Theland will be similar to the strategic equity partnership established between Freedom Foods and JLL for Australia's Own Kids Milk.

Rory Macleod, Freedom Foods Group Managing Director & CEO, said Freedom Foods has been selling into China for over five years and has built a dedicated online and offline sales capability to establish the initial distribution capabilities for brands such as Arnold's Farm.

"We have a good footprint here in China and it is strategic long term partnerships like this with Theland that will help us continue our strong trajectory for driving our brands and products into China, supported by our unique supply sources and scaled manufacturing capabilities in Australia."

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"There remains significant growth opportunity into the Cereal & Snacks categories in China. What we're seeing is changing preferences and tastes from Chinese consumers who are increasingly looking to healthy Western breakfast and snacks formats as provided through Freedom Foods's Arnold's Farm range."

The partnership with Theland provides a unique platform to combine complementary capabilities between brand owners and manufacturers like Freedom Foods with a unique scaled sales, marketing and distribution business across China. China is a large market and this partnership provides for fast tracking growth and establishing a long term market leadership position in this growing product category.

The strategic partnership arrangements will commence immediately, with some transitionary sales processes being established as Theland assumes sales and distribution arrangements for the Arnold's Farm product range.

Freedom Foods has also commenced supply of an A2 protein milk product in UHT format to Theland, under its own brand. Freedom Foods and Theland expect to build on this initial UHT milk product launch with additional products and formats to be launched into 2019.

Theland is majority owned by the Alibaba Group including Shanghai Yunfeng Xinchuang Investment Management Ltd., backed by Alibaba's founder and Chairman Jack Ma, and Alibaba China Network Technology Co. The balance of the Company is owned by management and the Pengxin Group.

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FNP Forward Looking Statements

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Signing Ceremony with theLand at CIIE, Shanghai, China