

29 December 2022

ASX Market Announcements Office

Farm Pride Foods Ltd (ASX:FRM) (Company) Announcement

Farm Pride Foods Ltd (ASX: FRM) (**FRM** or **Company**) is pleased to announce it has finalised terms for a \$5.27 million capital raise, comprising:

- a non-renounceable entitlement offer open of 7 new fully paid ordinary shares in the Company for every 12 existing ordinary shares held by eligible shareholders as at Wednesday, 4 January 2023, at an issue price of A\$0.055 (5.5 cents) per share to existing shareholders to raise up to \$1.77 million (before costs) (**NREO**); and
- subject to obtaining shareholder approval, a follow-up private placement to institutional, sophisticated and professional investors (**Placement**) by the issue of fully paid ordinary shares in the Company at \$0.055 (5.5 cents) per share to raise gross proceeds of approximately \$3.5 million (before costs).

Background and use of proceeds

The Company has received binding commitments from investors under the Placement that will raise \$3.5 million before costs representing the issue of 63,636,364 new shares.

Subject to ASIC granting customary relief (which, as at the date of this announcement, has not been granted), the shares issued under the Placement will be subject to voluntary escrow for a period of 6 months from the date of issue.

Additionally, the Company has launched the NREO, being a 7:12 pro rata non-renounceable entitlement offer of approximately 32 million new shares (**New NREO Shares**) to eligible shareholders as at \$0.055 (5.5 cents) per New NREO Share to raise up to \$1.77 million (before costs).

The Placement will be subject to obtaining shareholder approval under Listing Rules 7.1 and 10.11 and also for the purposes of section 611 (item 7) of the *Corporations Act 2001* (Cth) (**Corporations Act**) since the Placement shares will confer an interest exceeding the 20% takeovers threshold (even after the impact of the NREO). The general meeting to approve the placement is expected to be held in late February 2023 (**EGM**). The Placement will occur after the record date of the NREO and thus investors under the Placement will not be eligible to participate in the NREO.

The net proceeds from the NREO and the Placement will be used by the Company to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt.

The Company's major shareholder, West Coast Eggs Pty Ltd, has advised that it will vote in favour of the resolutions to be put to the EGM in order to approve the Placement.

Changes to the Board

Subject to completion of the Placement, the Company is pleased to announce that Mr Darren Lurie will be appointed as Managing Director and Mr George Palatianos as a non-executive director of the Company.

Mr Lurie, a former Consultant, Non-Executive Director and Non-Executive Chair of the Company returns to the business with significant knowledge of the egg industry and the operations of the business and prior experience as CEO of an ASX listed company.

Mr Palatianos is a highly experienced investment director and group CFO and has held prominent roles at major organisations within the agribusiness, construction, property investment and finance sectors. Mr Lurie and Mr Palatianos are participating in the Placement.

The Board believes that funding from the NREO and the Placement together with the appointment of a highly qualified Managing Director and additional Non-Executive Director provide the opportunity for the Company to further re-set following a number of years where the Company's financial performance has not met the Board's expectations. The Board has concluded that the capital raise is required to support the Company's on-going activities and future initiatives and has extended the NREO to provide all shareholders with the opportunity to participate in the capital raise at the same price.

Details of the NREO

The NREO offer price is \$0.055 (5.5 cents) per New NREO Share, representing a discount of 56% to the last price of 12.5 cents on 21 December 2022 and 59.8% discount to the 45 day volume weighted average price of the shares of 13.7 cents as traded on the ASX.

Under the NREO, eligible shareholders will be entitled to subscribe for 7 New NREO Shares in the Company for every 12 existing Shares held at 7:00pm (AEDT) on Wednesday, 4 January 2023 (**Record Date**) at the offer price. Fractional entitlements will be rounded up to the nearest whole number of New NREO Shares.

Eligible Shareholders are those Shareholders who:

- (a) are registered as a holder of Shares as at the Record Date, being 7:00pm (Melbourne time) on Wednesday, 4 January 2023;
- (b) as at the Record Date, have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the NREO without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who do not satisfy the above criteria are ineligible shareholders.

As the NREO is non-renounceable, eligible shareholders cannot trade their entitlements on the ASX or transfer their rights. Shareholders who do not take up their entitlements under the NREO, in full or in part, will not receive any value in respect of those entitlements not taken up.

The NREO also comprises a shortfall facility (**Shortfall Offer**) under which eligible shareholders who have subscribed for their entitlement in full may apply for New Shares attributable to entitlements not taken up by eligible shareholders

and New Shares that would have been offered to ineligible shareholders if they had been entitled to participate in the Offer (**Additional Shares**) subject to compliance with applicable laws and the ASX Listing Rules. The Company will allocate the Additional Shares on a pro rata basis and may scale back applications for Additional Shares on a pro rata basis to the extent that demand for the Additional Shares exceeds the number of Additional Shares available. The Company's major shareholder, West Coast Eggs Pty Ltd, has advised that it intends to take up its full entitlement under the NREO.

The proposed timetable for the NREO is set out below. The dates are indicative only and the Company reserves the right to vary the dates (subject to the Corporations Act and ASX Listing Rules).

Event	Date
Announcement of NREO and Placement	Thursday, 29 December 2022
Lodgement of Appendix 3B – prior to commencement of trading	
Lodgement of cleansing notice for NREO	
"Ex" Date	Tuesday, 3 January 2023
Record Date for NREO	Wednesday, 4 January 2023
Lodge and despatch NREO offer booklet	Monday, 9 January 2023
NREO offer opens	
Last day to extend NREO closing date	Friday, 13 January 2023
NREO Closing date (5.00pm) ¹	Wednesday, 18 January 2023
NREO Shares quoted on deferred settlement basis	Thursday, 19 January 2023
Announce results of NREO and details of shortfall (if any)	Wednesday, 25 January 2023
Allot NREO Shares	
Lodge ASX Appendix 2A (by 12.00pm)	
NREO securities commence trading on a regular basis	Friday, 27 January 2023
Dispatch notice of meeting for EGM	Late January 2023
Hold EGM	Late February 2023 (EGM Date)
Settle Placement Shares ²	
Lodge ASX Appendix 2A for Placement Shares ²	Before 12.00pm 1 Business Day after the EGM Date (Placement Date)
Allot Placement Shares ²	Placement Date
Lodge Cleansing Notice for Placement Shares ²	Placement Date

Note:

1. *Eligible shareholders who wish to take up all or part of their entitlements under the NREO must complete and return their personalised Entitlement and Acceptance Form with the requisite Application Monies by following the instructions set out on the personalised Entitlement and Acceptance Form, so that they are received by the Share Registry no later than 5.00pm (AEDT) on Wednesday, 18 January 2023.*

2. *Subject to obtaining shareholder approval for the Placement at the EGM.*

The NREO is being made without a prospectus pursuant to section 708AA of the Corporations Act. The NREO offer booklet is anticipated to be lodged with ASX and despatched to eligible shareholders by Monday, 9 January 2023.

Details of the NREO will be contained in the NREO offer booklet. Eligible shareholders should consider the NREO offer booklet carefully before deciding whether to participate in the NREO and consult with their professional advisors if they have any queries

If the NREO is fully subscribed, up to 32,188,435 New NREO Shares (subject to rounding) will be issued under the NREO. If shareholder approval for the Placement is obtained at the Company's extraordinary general meeting, an additional 63,636,364 New NREO Shares will be issued under the Placement.

The new shares offered under the NREO and Placement will rank equally in all respects with existing shares of the Company from their date of issue. Neither the NREO nor the Placement are not underwritten.

Enquiries

For further information in relation to the NREO, please contact the interim Company Secretary, Bruce De Lacy on +61 3 9798 9207.

Other information

Offers of New NREO Shares will be made under the NREO offer booklet and personalised Entitlement and Acceptance Form (**Offer Document**) to be distributed shortly after the Record Date. Eligible Shareholders should carefully consider the Offer Document before deciding to apply for New NREO Shares under the NREO. Eligible Shareholders who wish to acquire New NREO Shares will need to complete their personalised Entitlement and Acceptance Form contained the Offer Document.

A copy of the Offer Document will be available on the ASX website or can be obtained by contacting the interim Company Secretary, Bruce De Lacy on +61 3 9798 9207.

This announcement has been authorised by the Board of Farm Pride Foods Ltd.

Contact details

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About Farm Pride (FRM)

Farm Pride is a leading ASX listed vertically integrated egg company that farms, processes and markets a range of egg and egg related products. FRM continues to develop its farming business to meet the markets evolving requirement for cage free eggs. FRM maintains strong relationships in the supermarket channel and with industrial food manufacturers. FRM is also committed to maintaining the highest level of environmental, social and corporate governance responsibility and is the only egg company in Australia to manufacture its own egg cartons using recycled newsprint and cardboard. For more information, visit FRM's website.

