



**THE FOOD  
REVOLUTION  
GROUP**

ASX Announcement

25th November 2020

## **Update on Careline final tranche**

The Food Revolution Group Limited (ASX: FOD, or 'the Company') announces that Careline Australia Pty Ltd ('Careline') and its founder and CEO Dr Tao (Norman) Li have informed the Company that they are unable to complete the final tranche of their investment under the Binding Subscription Deed ('the Deed') signed on 10 September 2018.

The Deed saw strategic investors headed by Careline and Dr Norman Li commit to an investment of up to \$20.25m in the Company. The Deed was voted on and approved by the Company's shareholders in an Extraordinary General Meeting held on 14 June 2019. Subsequent to the investment, Dr Norman Li was appointed Chairman of the Company's Board of Directors.

The Deed saw Careline and/or its nominees commit to invest up to \$20.25m via the issue of 375 million ordinary shares at an issue price of \$0.054 per share in five tranches. The first 4 tranches have been completed as follows:

- Tranche 1 – 18.5 million ordinary shares for an investment of A\$1m (executed 24th September 2018)
- Tranche 2 – 46.5 million ordinary shares for an investment of A\$2.51m (executed 1st November 2018)
- Tranche 3 – 100 million ordinary shares for an investment of A\$5.4m (executed 18th September 2019)
- Tranche 4 – 100 million ordinary shares for an investment of A\$5.4m (executed 5th September 2019)

The Company has been informed by Careline that it cannot make payment on the final tranche, Tranche 5 of 110 million ordinary shares representing an investment of A\$5.94m, which was originally due on the 5<sup>th</sup> of March 2020.

The non-Careline associated Board Members intend to form an independent sub-committee to consider the Company's options in respect of Careline's non-performance of its obligations in respect of Tranche 5. The Company will update the market on this matter as required.

Careline and Norman Li have committed to maintaining their equity ownership in the Company and have indicated no willingness or need to sell down their existing position. In addition, the Chairman and Careline Pty Ltd have advised they remain committed to growing FOD's sales of health products in both Australia and China.

All performance based new shares offered in the Share Subscription Deed have lapsed due to Careline not taking up the 5<sup>th</sup> Tranche.

Food Revolution Group CEO and Managing Director, Tony Rowlinson, commented *“On behalf of our shareholders it is disappointing that Careline have not been able to fulfill the last tranche of their investment in the Company as contractually agreed. The Board takes this matter seriously and is taking steps to form an independent sub-committee to consider the Company’s options in the interests of all shareholders.*

*The second half of calendar 2020 has been an exceptionally successful period for the underlying operational performance of the Company. The strong sales volumes we have experienced YTD reflect the growing demand in the fresh juice market as consumers place a growing importance on vitamin enriched and functional beverages to help build their immune system.*

*Having secured higher prices with the National major retailers in September, signed supply agreements with 200 leading orange growers and delivered operational efficiencies, improving overall margins the business is in a significantly stronger position than it has been in the past. The improved performance is reflected in our first quarter EBITDA of \$1.5m versus a loss of \$483k in the previous corresponding quarter.*

*We remain confident in building on the excellent 1st quarter results and delivering profitable growth this year. The Company will continue to assess our capital position and funding options to support the roll out of numerous new functional beverages and wellness supplements.”*

This announcement was authorised by Tony Rowlinson, CEO and Managing Director.

**For more information, please contact:**

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**About The Food Revolution Group**

The Food Revolution Group Limited (ASX: FOD) is an Australian-based food processing company that uses a combination of conventional juice processing equipment and custom-developed equipment and processes to manufacture a range of high-quality juices, fibres, infused fruits and fruit waters that are sold as branded products or ingredients to customers domestically and overseas.

FOD uses a range of processing technologies, including Current Counter Extraction (CCE) technology which was developed in conjunction with Australia’s CSIRO to extract juice from fruit and vegetables. Its processing facilities are located in Mill Park, Victoria.

FOD is aiming to generate shareholder value through exploring opportunities for growth in the functional food, beverage and nutraceutical markets in Australian and key international markets, including China.