

14 April 2021

Market Update

FE Investments Group Limited's (**FEIG** or **Company**) has been in negotiation with the receiver of FE Investments limited (FEI) relating to an amount owed under the intercompany loan of \$1,159,465.04.

The Directors of FEIG disputed that any amount was owing based on the facility agreements signed on 28 January 2018 and 31 May 2018 and the intercompany agreement dated 1 April 2018, where FEI agreed to pay:

1. A monthly management fee.
2. Costs of maintaining FEIG's listed status.
3. Parent Company's audit costs
4. Third party commission and brokerage payable on capital raised.
5. Other reasonable costs as agreed by the FEI board.
6. Costs to be apportioned based on FEI's share of FEIG total assets.

However, a PPSR search in July 2020 revealed the existence of a General Security Agreement (GSA) executed on 18 April 2016 as general security for advances made by FEI to Wolfstrike Group Ltd prior to the merger of Wolfstrike and FEI on 7 June 2017.

Following the merger, the GSA should have been discharged, however the GSA remained registered against FEIG (previously Wolfstrike Group). The existence of the GSA was never disclosed by FEI in their 2018 and 2019 accounts or in the Group accounts in 2018 and 2019, as a related party transaction, or by Wolfstrike Group in the merger documents.

The Directors have now reached an agreement to resolve this issue, with the receiver agreeing to release the GSA once the full amounts set out in points 1 and 2 below have been received.:

1. Payment of NZD \$350,000 as an initial payment to the receiver which has been paid.
2. Payment of a further NZD\$150,000 by 30 June 2021.
3. An additional payment of \$200,000 should group assets exceed \$5,000,000 within 3 years.

The resolution of this issue will now enable FEIG to move forward with the preparation of Statutory Accounts for 2020, convening Shareholder Meetings together with investigating a potential restructure.

Further details relating to release of the company's annual accounts, EGM/AGM and restructure options are expected to be released in due course.

Authorised by the Company's board

Jeff McKenzie
Chairman