



ASX ANNOUNCEMENT

HPP CO-INVESTS IN LAVVA® PLANT BASED MILK AND YOGHURT WITH S2G VENTURES

- LAVVA® is a leading plant based clean yoghurt and milk brand sold in several major retailers including Whole Foods Market;
- LAVVA® formulations incorporate pili nuts, an ingredient with very similar qualities to macadamia nuts;
- Non-dairy milk and yoghurt are two of the higher growth categories within plant based consumer trends;
- HPP is co-investing in LAVVA® with S2G Ventures through convertible promissory notes, and has exclusivity to negotiate further co-investment with S2G and assume management of the LAVVA® business based on a non-binding terms sheet.

11 January 2021

Health and Plant Protein Group Limited (ASX: HPP) today announces that, in accordance with its strategy to continue to capture brand led opportunities in the plant protein space, it has agreed to co-invest in EVR Foods, Inc. (holding entity of the LAVVA® brand and its associated assets) with S2G Ventures (“**The Transaction**”).

Background – LAVVA® and S2G Ventures

LAVVA® (lovvelavva.com) was founded in 2014 by Liz Fisher with a view to realising the full potential of plant based foods on a deep principled basis. The business produces clean nutrient-dense plant-based yoghurts, as well as non-dairy milk and creamers (products designed to complement coffee). Since founding the business, LAVVA® has grown quickly and is now distributed through several major US retail networks including the 500-store Whole Foods Market, Sprouts Farmers Market, Good Eggs and Wegman’s.

S2G Ventures is a venture capital fund with over 50 portfolio investments and is founded on the belief that a healthier food system is the under-recognised solution to critical global challenges like climate change, healthcare and nutrition. S2G backs visionary entrepreneurs harnessing the power of food innovation across the entire supply chain from Soil to Shelf to create better outcomes for people and the planet. Its investments include Beyond Meat, Atomo Coffee and Everytable.

The Transaction

HPP has executed and completed the initial transaction of co-investing with S2G Ventures and others via a purchase of convertible, unsecured promissory notes issued by LAVVA®. HPP and S2G Ventures have each purchased USD\$300,000 of notes that attract 7% interest per annum, maturing 28 February 2021 (New York time).

Relevantly, HPP and S2G Ventures have exclusivity to conduct diligence and to negotiate and enter into a definitive legally binding investment agreement based on a non-binding term sheet which contemplates a further aggregate Series C style equity investment to acquire a controlling stake in EVR

Foods, Inc and HPP assuming management of LAVVA® strategy and operations for a fee to be negotiated.

If an agreement is reached by the maturity date, HPP's principal and interest will convert into Series C style equity in LAVVA®. If no agreement is reached by the maturity date and there is no alternative equity financing, HPP is entitled to repayment of its principal and interest in cash or to convert its debt into Series B preferred equity in LAVVA®. If there is an alternative equity financing, HPP's principal and interest will automatically convert into the same securities in the alternative equity financing.

Executive Director, Dennis Lin, said "The investment in LAVVA® is consistent with our core strategy of building HPP including through the high growth categories of plant based milk and yoghurt. We are pleased to have this opportunity to partner with co-founder Liz Fisher and S2G Ventures. We are aligned on our beliefs of creating quality foods that are also good for the environment; together, we believe we can continue to grow LAVVA® through our expertise in supply chain development and management, the strong potential of incorporating macadamia ingredients into LAVVA® nutrition concept, and introducing LAVVA® to customers in Australia and Asia within a short timeframe, taking advantage of the growing appetite in those markets for wholesome nutrition with great provenance".

LAVVA® Founder, Liz Fisher, said "We have been excited by our engagement with HPP who clearly can bring insight to our business and help us fully realise the brand's potential. I sincerely look forward to closing the remaining transaction and becoming part of the HPP team in making LAVVA® one of the world's best and leading clean label plant based yoghurt and dairy brands".

This announcement has been authorised for release to ASX by the Board.

ENDS

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About HPP

HPP, through its Royal Hawaiian Orchards® (RHO) and MacFarms® brands, is the largest vertically integrated orchard to retail macadamia nut processor and marketer in the USA. Macadamia nut contains rich nutrients and beneficial plant compounds, and HPP makes its products from wholesome and unmodified ingredients. The macadamia business forms the basis of HPP's strategic ambitions in becoming a leading independent participant in health and plant based protein food categories.