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SALE OF MY FOODIE BOX BUSINESS

Highlights:

- **MBX business to be sold**
- **Appointment of Francis De Souza to the Board**
- **Company to actively seek and assess acquisition opportunities to generate shareholder value**
- **$480k debt funding to fund completion of the transaction and for working capital**

My Foodie Box Limited (ASX: MBX) ("MBX" or "the Company") has entered into a business purchase agreement (**BPA**) with MFB (WA) Pty Ltd (**MFB**) to acquire the My Foodie Box business (**Business**) from MBX (**Transaction**).

The Company listed on ASX in January 2022 with a strategy to rapidly grow its active subscriber base and business through an aggressive marketing and discounting campaign. The Company achieved strong revenue growth following listing, however deteriorating macroeconomic conditions and rapidly rising inflation together with multiple consecutive interest rate rises in 2022, has resulted in the Company undertaking an internal strategic review and shifting strategy to reduce costs and preserve cash. Persistently high inflationary pressures have further adversely impacted on the financial performance of the sector and the Company.

The founding Directors remain confident in the initial strategy and growth prospects of the Business, but consider it is in the best interests of shareholders that the Business be privatised and continue as a private company without the corporate and compliance overheads associated with being a publicly listed company. Following divestment of the Business, the Company will be free of material liabilities and will have minimal cash burn, and will seek to acquire a new material asset or business to restore shareholder value. As the disposal of the Business is a disposal of the Company's main undertaking, the Company is likely to need to re-comply with Chapters 1 and 2 of the ASX Listing Rules in connection with any asset acquisition (**Re-Compliance Transaction**).

Key Terms of the Transaction

MFB is an incorporated entity controlled by Mai Hughes who is also a director of the Company and the original co-founder of the Business. The key terms of the Transaction are as follows:

- MFB will acquire the Business from the Company in consideration for the cancellation of 30,000,000 fully paid ordinary shares (**Shares**) and 7,600,000 Options in the Company held by Little Oneroa Pty Ltd ATF the Bryan Hughes Family Trust;
- the Company will be issued 40% of the issued capital of MFB;
- all debts of the Company will be assumed by MFB on completion of the Transaction (save for certain corporate costs of the Company and Transaction costs). These debts are currently approximately $1.5M, but will fluctuate as the business continues to trade between now and completion of the Transaction;

- all debts owing by the Company to Mai and Bryan Hughes or related parties (including Director loans and accrued Director fees) which totals approximately $1.05M will be assumed by MFB; and
- the Company will provide vendor financing of $300k to MFB which must be repaid by MFB to the Company over 60 months commencing 3 months from completion of the BPA with 10% interest accruing per annum. The Company will have security over the Business until the vendor financing has been repaid.

Completion of the Transaction is subject to satisfaction of various conditions precedent including shareholder approval, the Company obtaining consents from the creditors of the Company to the assignment of their debts to MFB, the Company obtaining consent for the transfer of employees and their entitlements to MFB, and the Company obtaining consents from each third party to the material contracts of the Business to the assignment of the contract to MFB. If there are any remaining debts of the Business which have not been transferred to MFB at completion after the vendor financing amount has been paid, Mr Hughes shall pay this amount to the Company within 60 days after completion. The BPA otherwise contains provisions customary for an agreement of its nature.

Appointment of new Director

The Company is pleased to announce the appointment of Francis De Souza to the Board as a Non-Executive Director. Mr De Souza has assisted to negotiate the BPA, and will assist to implement the Transaction as well as work concurrently to identify acquisition opportunities to generate shareholder value.

With a career spanning two decades in capital markets and investment banking, Francis DeSouza has significant financial industry experience.

More recently, Mr DeSouza co-founded Appstablishment Software Group Ltd, a start-up venture that was later acquired by ASX-listed Spenda Limited (ASX: SPX).

Mr DeSouza's expertise extends to the fields of resources and technology and makes him a valuable addition to the Board of the Company in its pursuit in seeking a strategic acquisition to restore shareholder value. His previous ASX directorships were instrumental in asset identification and acquisition coupled with the recapitalisation of ASX listed companies.

Debt Raising

The Company has entered into agreements with various sophisticated and professional investors as listed in the Schedule (**Lenders**) under which the Lenders have agreed to provide $480k in loan funding (**Loans**). The Lenders are not related parties of the Company. $300,000 of the funds raised from the Loans will be used to provide vendor financing to MFB pursuant to the BPA as detailed above, and the balance will be applied towards costs of the raising and for working capital. Key terms of the Loans are as follows:

- **Interest:** 10% per annum.
- **Term**: the Loans (plus interest) shall be repaid on the earlier of: (a) 3 years from drawdown; and (b) the date of completion of a Re-Compliance Transaction.
- **Conditions to drawdown:** finalisation of the Company's audited financial statements for the financial year ended 30 June 2023 and execution of the BPA (both of which have been

satisfied), and the reinstatement of the Company to trading on ASX (which the lenders have agreed to waive).

- **Options**: as part consideration for providing the Loans, subject to shareholder approval, the Company will issue the lenders 1 option for every 2c loaned, each option with an exercise price equal to a 50% premium to the capital raising to be undertaken in connection with the Re-Compliance Transaction expiring 3 years from issue.
- **Security**: $455,000 of Loans are secured over the assets of the Business. As there are multiple secured lenders, the Company has entered into (on customary terms) a security trust deed and a general security deed under which security has been granted to a third party trustee to hold the security on behalf of the secured lenders. The balance of $25,000 of Loans are unsecured.

Kaai Capital acted as lead manager to the debt raising and will be paid a fee of 6% of the amount raised.

Reinstatement to Trading

The Company is currently suspended from trading following failure to lodge its annual report for the financial year ended 30 June 2023 by the time prescribed under the ASX listing Rules. The Company lodged its FY23 accounts with ASX on 3 November 2023, and ASX has advised that it has formed the view that it would be inclined to reinstate the Company to trading following completion of the $480,000 debt fund raising and completion of the Transaction to dispose of the My Foodie Box business, but note they reserve their rights to keep the Company's securities in suspension based on the Company's circumstances at that time

ASX Listing Rules and Transaction timetable

ASX Listing Rule 11.2 broadly provides that a listed entity must obtain shareholder approval to dispose of its main undertaking. Further, ASX Listing Rule 10.1 requires a company to seek shareholder approval to dispose of a substantial asset to a related party of the company. The Transaction involves the disposal by the Company of the Business (being its main undertaking) to MFB (which is controlled by Ms Hughes and is therefore a related party of the Company), shareholder approval will be required under both ASX Listing Rules 11.2 and 10.1. The Company has engaged advisers to prepare a notice of meeting and an independent expert's report on whether the Transaction is fair and reasonable to the non-associated shareholders of the Company and intends to despatch this to shareholders in the next ~2 to ~3 weeks, with the meeting proposed to be held in late December. Subject to shareholder approval and satisfaction of the other conditions precedent, the Transaction is expected to complete in late December/early January.

Following completion of the Transaction, the Company's primary undertaking will be to seek acquisition opportunities to generate shareholder value.

Ends

This ASX Announcement has been authorised for release by the Board of My Foodie Box Limited.

SCHEDULE

Lenders

- RIMOYNE PTY LTD
- DAVY CORP PTY LTD ATF THE DAVY INVESTMENT TRUST
- TELLARO PTY LTD ATF THE TELLARO TRUST
- SUNSET TIDAL PTY LTD ATF THE SUNSET TIDAL INVESTMENT TRUST
- Mouch Pty Ltd ATF The Mouch Family Trust
- BLAMNCO TRADING PTY LTD
- MS ELENA ARGYROU
- ILWELLA PTY LTD <NO 2 A/C>
- MR STEVEN ANDREW MARTIN <88 INVESTMENT A/C>
- ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>
- ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>
- DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>

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