**Forbidden Foods Limited**
**ACN 616 507 334**

# PROSPECTUS

For the offer of up to 34,467,700 shares (**Shares**) and 42,445,119 quoted options (**Options**) as follows**:**

- up to 15,211,269 Options to eligible sophisticated and institutional investors who participated in the Placement announced on 8 December 2022 (**Placement**), representing one free quoted Placement Option (exercisable at $0.08 each on or before 31 January 2025) for every two Placement Shares issued under the Placement (**Placement Options**), with the issue of the Placement Options remaining subject to shareholder approval;
- up to 34,467,700 Shares and 17,233,850 Options to Eligible Shareholders under a pro rata non-renounceable rights issue, representing one Rights Issue Share for every three Shares held on the Record Date at an issue price of $0.0355 per Rights Issue Share (**Rights Issue Price**), together with one free quoted Rights Issue Option (exercisable at $0.08 each on or before 31 January 2025) for every two Rights Issue Shares subscribed for under the Rights Issue (**Rights Issue**);
- the Shortfall Offer described in Section 3.3; and
- an aggregate of 10,000,000 Options (**Broker Options**) to be split equally between BW Equities Pty Ltd and Viriathus Capital Pty Ltd (together, the **Joint Lead Managers**), with the issue of the Broker Options remaining subject to shareholder approval (**Broker Offer**).

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES OR FOR DISTRIBUTION IN THE UNITED STATES.

# Important Notice

**Prospectus**

This Prospectus relates to the offer by Forbidden Foods Limited ACN 616 507 334 (**Forbidden Foods** or **Company**) of:

- up to 15,211,269 Options to Eligible Placement Options Applicants, being eligible sophisticated and institutional investors who participated in the Placement announced on 8 December 2022 (**Placement**), representing one free quoted Placement Option (exercisable at $0.08 each on or before 31 January 2025) for every two Placement Shares issued under the Placement (**Placement Options**), with the issue of the Placement Options remaining subject to shareholder approval;
- up to 34,467,700 Shares and 17,233,850 Options to Eligible Shareholders under a pro rata non-renounceable Rights Issue, representing one Rights Issue Share for every for every three Shares held on the Record Date at an issue price of $0.0355 per Rights Issue Share (**Rights Issue Price**), together with one free quoted Rights Issue Option (exercisable at $0.08 each on or before 31 January 2025) for every two Rights Issue Shares subscribed for under the Rights Issue (**Rights Issue Options**);
- the Shortfall Offer described in Section 3.3; and
- an aggregate of 10,000,000 Options (**Broker Options**) to be split equally between BW Equities Pty Ltd and Viriathus Capital Pty Ltd (together, the **Joint Lead Managers**), with the issue of the Broker Options remaining subject to shareholder approval (**Broker Offer**).

(together, the **Offers**).

This Prospectus is dated 8 December 2022 and was lodged with ASIC and ASX on that date. None of ASIC and ASX, or their respective officers, take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares or Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company intends to apply to ASX for Official Quotation of the Placement Options, Rights Issue Shares, Rights Issue Options and Broker Options offered pursuant to this Prospectus within 7 days of the date of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. Shares and Options allotted and issued pursuant to this Prospectus will be allotted and issued on the terms and conditions set out in this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all information that is generally required to be included in a document of this type. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

**No Representation other than in this Prospectus**

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

**Prospectus does not contain investment advice**

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to apply for Shares and/or Options consider the risks that could affect the performance of the Shares and Options as set out in Section 7 of this Prospectus.

If you are in any doubt about whether to participate in the Offers, you should seek advice from your financial, taxation or other professional adviser before participating.

**Obtaining a Prospectus and Application Form**

This Prospectus will be issued as an electronic prospectus only. This Prospectus and a Rights Issue Application Form will be available by logging in to the Company's share registry Investor Portal at https://investor.automic.com.au/#/home. A copy of the Prospectus and a link to the Placement Options Application will be sent by the Company directly to each Eligible Placement Options Applicant, and a copy of the Prospectus and a Broker Option Application Form will be sent by the Company directly to each Joint Lead Manager.

If you receive this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the appropriate Application Form. If you have not, please contact the Company on the Forbidden Foods Offer Information Line at the details below.

The Company reserves the right not to accept an Application Form from a person that is not eligible to participate in a particular offer being made under this Prospectus or if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

**Key risks**

Potential investors should be aware that subscribing for Shares and/or Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares and Options in the future. Investors should consider consulting their professional advisers before deciding whether to apply for Shares or Options under this Prospectus.

**Website**

No document or information on the Company's website is incorporated by reference into this Prospectus.

**Privacy**

The Company collects information about each applicant provided on an Application Form for the purposes of processing the application, and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement any may disclose if for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third-party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1900* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

If an Applicant becomes a securityholder of the Company, the Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its public Register. This information must remain in the Register even if that person ceases to be a security holder of the Company. Information contained in the Company's Registers is also used to facilitate corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under the law. A fee may be charged for access. Access requests must be made in writing to the Company's registered offices.

**Rounding**

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

**Definitions**

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to Section 9 of this Prospectus for a list of defined terms.

**Restrictions of foreign jurisdictions**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

No action has been taken to register or qualify the Shares or Options being offered under the Offers or otherwise permit a public offering of the Shares or Options in any jurisdiction other than Australia and New Zealand. This Prospectus may not be distributed to or relied on by persons outside Australia or New Zealand.

This Prospectus may not be released or distributed in the United States or to any person acting for the account or benefit of a person in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any in the United States or in any other jurisdiction in which such an offer would be unlawful. The Shares and Options to be offered and sold under the Rights Issue and the offer of Placement Options have not been, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares and Options may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which Forbidden Foods has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US securities laws.

THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES OR FOR DISTRIBUTION IN THE UNITED STATES.

**Shareholders resident in New Zealand**

The Shares and Options under the Offers are not being offered or sold to the public in New Zealand other than to Eligible Shareholders to whom the offer of Shares and Options under the Offers is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.*

This document has not been registered, filed or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

**Financial information and forward-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

**Taxation implications**

The Directors do not consider it appropriate to provide Eligible Shareholders advice regarding the taxation consequences of applying for Shares or Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to you. As a result, you should consult their own professional tax adviser in connection with applying for Shares or Options under this Prospectus.

# 1 Letter from the Chairman

8 December 2022

Dear Shareholder,

**Forbidden Foods Limited – Capital Raising**

On behalf of the Directors of Forbidden Foods Limited (**Forbidden Foods** or **Company**), in accordance with the terms of this Prospectus I am pleased to offer:

1. Eligible Shareholders the opportunity to participate in a pro rata non-renounceable rights issue of one Rights Issue Share for every three Shares held on the Record Date at an issue price of $0.0355 per Rights Issue Share, together with one free quoted Rights Issue Option (exercisable at $0.08 each on or before 31 January 2025) for every two Rights Issue Shares subscribed for under the Rights Issue (**Rights Issue**);

2. successful applicants in the Company's recent placement (**Placement**) announced on 8 December 2022 (**Eligible Placement Options Applicants**) the opportunity to apply for one free quoted Placement Option (exercisable at $0.08 each on or before 31 January 2025) for every two Placement Shares subscribed for and to be issued under the Placement (**Placement Options**), subject to approval by the Company's shareholders;

3. Eligible Shareholders the ability to apply for additional Rights Issue Shares, together with free attaching Rights Issue Options under the Shortfall Offer; and

4. an aggregate of 10,000,000 Options (**Broker Options**) to be split equally between BW Equities Pty Ltd and Viriathus Capital Pty Ltd (together, the **Joint Lead Managers**) under the Broker Offer, subject to approval by the Company's shareholders.

The Rights Issue allows Eligible Shareholders to subscribe for Shares and/or Options in Forbidden Foods, without incurring brokerage or transaction costs.

**Capital Raising**

On Thursday, 8 December 2022, Forbidden Foods announced a capital raising to raise up to approximately $2.30 million by way of the Placement and Rights Issue (together, **the Capital Raising**).

Proceeds from the Capital Raising will be used to accelerate the growth of Blue Dinosaur in the United States, as well as to provide additional working capital.

**Placement Shares**

On 8 December 2022, Forbidden Foods announced the finalisation of the placement of Placement Shares to sophisticated and institutional investors. The Placement Shares will be issued in two tranches, with the first tranche to be issued on 15 December 2022 to raise $917,703 (before costs) and the second tranche to be issued on 31 January 2023, subject to shareholder approval, to raise a further $162,298 (in each case, before costs).

**Placement Options**

The terms of the Placement provide the opportunity for Eligible Placement Options Applicants to apply for free quoted Options. The Eligible Placement Options Applicants will be offered the opportunity to apply for one free Option for every two Placement Shares subscribed for and issued under the Placement (exercisable at $0.08 each on or before 31 January 2025), subject to the approval of the Company's shareholders.

**Participation in the offer of Placement Options**

Subscribing for Placement Options is optional and is open only to Eligible Placement Options Applicants who participated in the Placement.

The issue of the Placement Options remains subject to the approval of the Company's shareholders for the purposes of ASX Listing Rule 7.1. An extraordinary general meeting to approve the issue is expected to be held in mid-January 2023.

The offer of the Placement Options opens on 16 December 2022 and closes at 5.00pm on 27 January 2023.

**Rights Issue**

The Rights Issue provides Eligible Shareholders with the opportunity to purchase up to one New Share for every three Shares held on the Record Date at an issue price of $0.0355 per Rights Issue Share (**Rights Issue Price**), together with one free quoted Rights Issue Option (exercisable at $0.08 each on or before 31 January 2025) for every two Rights Issue Shares subscribed for under the Rights Issue.

The issue price of the Rights Issue Shares is the same price that the Placement Shares were issued to subscribers under the Placement. The price at which Placement Shares were issued under the Placement was an 17.4% discount to the closing price of the Shares on 5 December 2022, the last day on which the Shares traded on ASX before the announcement of the Capital Raising, and a 24.5% discount to the 15 day volume weighted average price of the Shares on ASX up to and including that date.

The Rights Issue aims to raise up to approximately $1.22 million and is not currently underwritten, but the Company reserves the right to arrange underwriting in due course if considered appropriate. Rights Issue Shares issued under the Rights Issue will rank equally with existing Shares on issue.

**Shortfall Offer**

The Shortfall Offer provides participants in the Rights Issue to apply for additional Rights Issue Shares, together with free quoted Rights Issue Options, that were not subscribed for by Eligible Shareholders under the Rights Issue.

The Rights Issue Shares and Rights Issue Options issued under the Shortfall Offer will be issued at the discretion of the Company and on the same terms and conditions as the Rights Issue Shares and Rights Issue Options under the Rights Issue.

If the Rights Issue Shares are not fully subscribed by Eligible Shareholders under the Shortfall Offer, the Company reserves the right to place those Rights Issue Shares (together with free quoted Rights Issue Options) within 3 months of the close of the Rights Issue to sophisticated or professional investors identified by the Company, subject to compliance with the ASX Listing Rules.

**Participation in the Rights Issue**

Participation in the Rights Issue is optional and is open to Eligible Shareholders who, at 7.00pm (Sydney time) on 13 December 2022, are entered in Forbidden Foods' share register as a holder of Shares and whose address in Forbidden Foods' share register is in Australia or New Zealand, and who are not in the United States or acting for the account or benefit of persons in the United States.

The Rights Issue is expected to open on 16 December 2022 and will close at 5.00pm on 27 January 2023.

**Broker Offer**

Pursuant to the engagement letter entered into between the Company and the Joint Lead Managers, the Company has agreed to issue 10,000,000 Broker Options to be split equally between the Joint Lead Managers as consideration for the services provided by the Joint Lead Managers to the Company in relation to the Capital Raising.

The issue of the Broker Options remains subject to the approval of the Company's shareholders for the purposes of ASX Listing Rule 7.1. An extraordinary general meeting to approve the issue is expected to be held in mid-January 2023.

Each Broker Option will be issued in the same class as the Placement Options and Rights Issue Options. The Broker Options have the same exercise price and exercise expiry date as the Placement Options and Rights Issue Options.

**Further information**

This Prospectus contains further information about the Rights Issue, the offer of Placement Options and the Broker Offer including the terms and conditions of the Rights Issue, the offer of Placement Options and the Broker Offer. The terms and conditions set out the relevant criteria for determining eligibility to participate in the offer of Placement Shares, Broker Offer and Rights Issue as well as rules relating to applications for Placement Options, Broker Options, Rights Issue Shares and Rights Issue Options under the Rights Issue. The Board recommends you read this Prospectus in conjunction with Forbidden Foods' continuous disclosure notices on ASX (at www.asx.com.au, ASX ticker code: FFF), including the ASX announcement and Investor Presentation lodged with respect to the Capital Raising.

Before deciding whether or not to participate in the Rights Issue or the offer of Placement Options, Shareholders should read the risks set out in Section 7 of this Prospectus. There is also a risk that the market price of the shares may rise or fall between the date of this Prospectus and the time of issue of the Shares and Options under this Prospectus. This means that the price you pay for the Shares issued to you may be less than, or more than, the market price of Shares at the date of this Prospectus or the time of issue.

If you have any questions in relation to how to participate in the Rights Issue or the offer of Placement Options after reading this Prospectus, please call the Forbidden Foods Offer Information Line on 1300 288 664 (from within Australia) or +61 2 9698 5414 (from outside Australia), or consult your financial or other professional adviser. The Forbidden Foods Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday (other than public holidays). Alternatively, you can access a copy of this Prospectus online at https://investor.automic.com.au/#/home.

On behalf of the Board, I thank you for your continued support of Forbidden Foods.

Yours faithfully



**Tony Rowlinson**
**Chairman**
**Forbidden Foods Limited**

# 2 Timetable and Summary of Offers

## 2.1 Timetable

| Event | Date* (2022 / 2023) |
|---|---|
| Announcement of results of Placement, announcement of Rights Issue and Broker Offer, lodge Appendix 3B and lodgement of Prospectus with ASIC and ASX | (before market open) Thursday, 8 December |
| Ex-date for Rights Issue | Monday, 12 December |
| Record Date | 7.00pm Tuesday, 13 December |
| Settlement of tranche 1 Placement | Wednesday, 14 December |
| Issue of tranche 1 Placement Shares<br>Issue cleansing notice for tranche 1 Placement Shares<br>Lodge Appendix 2A (tranche 1 Placement Shares) | Thursday, 15 December |
| Dispatch of Prospectus<br>Dispatch of EGM Notice<br>Rights Issue opens (**Opening Date**) | Friday, 16 December |
| EGM to approve issue of tranche 2 Placement Shares, Placement Options and Broker Options | 10.00am, Wednesday, 18 January |
| Rights Issue closes (**Closing Date**) | 5.00pm on Friday, 27 January |
| Announcement of results and shortfall (if any) under the Rights Issue<br>Rights Issue shares start trading on a deferred settlement basis | Monday, 30 January |
| Settlement of tranche 2 Placement Shares | Monday, 30 January |
| Issue and allotment of tranche 2 Placement Shares, Placement Options, Rights Issue Shares, Rights Issue Options and Broker Options<br>Lodge Appendix 2A | Before Noon, Tuesday, 31 January |
| Dispatch of holding statements | Wednesday, 1 February |
| Commencement of trading of tranche 2 Placement Shares and Rights Issue Shares on normal settlement basis | Wednesday, 1 February |

*** These dates are indicative only and are subject to change. Forbidden Foods, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend this indicative timetable by sending a revised timetable to ASX. In particular, Forbidden Foods reserves the right to extend the Closing Date, accept late applications under the Placement or Rights Issue (either generally or in particular cases), and to withdraw or vary the Placement or Rights Issue without prior notice. Any extension of the closing date will have a consequential effect on the date for the allotment and issue of Shares and Options. All times are to Australian Eastern Daylight Savings Time (AEDT).*

## 2.2 Summary of Offers

You should read this Section in conjunction with the details of the Offers set out in Section 3 of this Prospectus.

| Key Offer details | Summary | Further information |
|---|---|---|
| **Rights Issue and investment amount** | The Rights Issue is being made as a pro rata non-renounceable entitlement offer to acquire one new Rights Issue Share for every three Shares held on the Record Date at the Rights Issue Price of $0.0355 per Rights Issue Share, together with one free quoted Rights Issue Option for every two Rights Issue Shares subscribed for under the Rights Issue. The Rights Issue will not attract brokerage or other transaction costs. Participants in the Placement will not be entitled to participate in the Rights Issue.<br><br>All of the Rights Issue Options offered under the Rights Issue under this Prospectus will be issued with an exercise price of $0.08 per Rights Issue Option and an expiry date of 31 January 2025. Full terms and conditions of the Rights Issue Options are set out in Section 6 of this Prospectus.<br><br>The Rights Issue aims to raise up to approximately $1.22 million. The number of Rights Issue Shares, together with free attaching Rights Issue Options, issued to an applicant will be rounded down to the nearest whole Share and Option after dividing the application monies by the Rights Issue Price.<br><br>All of the Rights Issue Shares, and the Shares issued upon the future exercise of the Rights Issue Options offered under the Rights Issue under this Prospectus, will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 5 for further information regarding the rights and liabilities attaching to those Shares.<br><br>Based on the capital structure of the Company as at the Record Date, assuming the Rights Issue is fully subscribed, 17,233,850 Rights Issue Options will be issued pursuant to the Rights Issue, which if fully exercised before their expiry, could potentially raise approximately a further $1.38 million (before costs).<br><br>The purpose of the Rights Issue and the intended use of the funds raised are set out in Section 4 of this Prospectus. | Section 3, Section 5 and Section 6 |
| **Placement Options and investment amount** | The offer of the Placement Options provides the opportunity for Eligible Placement Options Applicants to apply for free quoted Placement Options. The Eligible Placement Options Applicants will be offered the opportunity to apply for one free quoted Placement Option for every two Placement Shares subscribed for and to be issued under the Placement (exercisable at $0.08 each on or before 31 January 2025), subject to the Company's shareholders approving the issue at an Extraordinary General Meeting to be held in mid-January 2023. | Section 3 and Section 6 |

| Key Offer details | Summary | Further information |
|---|---|---|
| | The Placement will be issued in two tranches, with the first tranche to be issued on 15 December 2022 to raise $917,703 (before costs) and the second tranche to be issued on 31 January 2023, subject to shareholder approval, to raise a further $162,298 (before costs). Based on the applications and proposed issue of Placement Shares under the Placement, the Company is offering an aggregate of 15,211,269 Placement Options to the Eligible Placement Options Applicants under this Prospectus.<br><br>The Placement Options offered to the Eligible Placement Options Applicants will be issued for nil consideration, accordingly the Company will not raise any funds as a result of the issuance of Placement Options, until the Placement Options are exercised (if ever). If fully exercised before their expiry, the issue of the Placement Options could potentially raise approximately a further $1.22 million (before costs).<br><br>Only Eligible Placement Options Applicants will be entitled to apply for Placement Options. For the purposes of clarity, this means that participants in the Rights Issue will not be eligible to participate in the offer of Placement Options or apply for Placement Options.<br><br>All of the Shares issued upon the future exercise of the Placement Options offered under the Rights Issue and Placement under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 5 for further information regarding the rights and liabilities attaching to the Shares. | |
| **Shortfall Offer** | The Shortfall Offer provides participants in the Rights Issue the opportunity to apply for additional Rights Issue Shares, together with free quoted Rights Issue Options, that were not subscribed for by Eligible Shareholders under the Rights Issue.<br><br>The Rights Issue Shares and Rights Issue Options issued under the Shortfall Offer will be issued at the discretion of the Company and on the same terms and conditions as the Rights Issue Shares and Rights Issue Options under the Rights Issue.<br><br>If the Rights Issue Shares are not fully subscribed by Eligible Shareholders under the Shortfall Offer, the Company reserves the right to place those Rights Issue Shares (together with free attaching Rights Issue Options) within 3 months of the close of the Rights Issue to sophisticated or professional investors identified by the Company, subject to compliance with the ASX Listing Rules.<br><br>Full terms and conditions of the Shortfall Offer are set out in Section 3 of this Prospectus. | Section 3, Section 5 and Section 6 |
| **Broker Offer** | Pursuant to the Broker Mandate (defined in Section 8.8) entered into between the Company and the Joint Lead Managers, the Company has agreed to issue, 10,000,000 Broker Options to be split equally between the Joint Lead | Section 3, Section 6 and Section 8.8 |

| Key Offer details | Summary | Further information |
|---|---|---|
| | Managers as consideration for the services provided by the Joint Lead Managers to the Company in relation to the Capital Raising.<br><br>The issue of the Broker Options remains subject to the approval of the Company's shareholders for the purposes of ASX Listing Rule 7.1. An extraordinary general meeting to approve the issue is expected to be held in mid-January 2023.<br><br>Each Broker Option will be issued in the same class as the Placement Options and Rights Issue Options. The Broker Options have the same exercise price and exercise expiry date as the Placement Options and Rights Issue Options. | |
| **Purpose of the Rights Issue and Placement** | The proceeds of the Placement, Rights Issue and Shortfall Offer will be used to accelerate the growth of Blue Dinosaur in the United States, as well as to provide additional working capital. | Section 4.1 |
| **Voluntary participation** | Participation in the Rights Issue, the offer of Placement Options and the Shortfall Offer is entirely voluntary.<br><br>Before you decide whether to participate in the Rights Issue, Forbidden Foods recommends you seek independent financial advice from your stockbroker, accountant or other professional adviser and consider the key risks facing Forbidden Foods' business and the key risks of investing in Shares and Options that are set out in Section 7 of this Prospectus.<br><br>If you do not wish to participate in the Rights Issue or the offer of the Placement Options, you need not take any further action. | Section 7 |
| **Rights Issue Price** | The Rights Issue Price for the Rights Issue Shares is the issue price of the Placement Shares being $0.0355 per Rights Issue Share.<br><br>The price at which the Placement Shares were issued under the Placement was an 17.4% discount to the closing price of the Shares on 5 December 2022, the last day on which the Shares traded on ASX before the announcement of the Capital Raising, and a 24.5% discount to the 15 day VWAP of the Shares on ASX up to and including that date.<br><br>There is a risk that the market price of the Shares may rise or fall between the date of this Prospectus and the time of issue of Rights Issue Shares under the Rights Issue. This means that the price you pay for the Rights Issue Shares issued to you may be less than, or more than, the market price of Shares at the date of this Prospectus or the time of issue.<br><br>Your application is unconditional and may not be withdrawn even if the market price of shares is less than the Rights Issue Price. | Section 3.1 |

| Key Offer details | Summary | Further information |
|---|---|---|
| | The Rights Issue Options will be offered to participants in the Rights Issue for nil consideration on the basis of one Rights Issue Option for every two Rights Issue Shares subscribed for. | |
| **Placement Options Price** | The Placement Options offered under this Prospectus are free quoted Options based on the Placement Shares to be issued, meaning that they will be issued to Eligible Placement Options Applicants for nil consideration. | Section 3.2 |
| **Shortfall Offer Price** | The Rights Issue Shares and Rights Issue Options issued under the Shortfall Offer will be allocated at the discretion of the Company and will be issued on the same terms and conditions as the Rights Issue Options and Rights Issue Shares.<br><br>The issue price for the Shares and Options under the Shortfall Offer will be the same as the Rights Issue Price, and the terms of the Options will be the same as those for the Rights Issue Options.<br><br>Full terms and conditions of the Shortfall Offer are set out in Section 3 of this Prospectus. | Section 3.3 |
| **Broker Offer Price** | The Broker Options offered under this Prospectus are free quoted Options in consideration for services provided by the Joint Lead Managers in connection with the Placement. | Section 3.4 |
| **Eligible Shareholders of Rights Issue and Shortfall Offer** | Eligible Shareholders are eligible to participate in the Rights Issue and Shortfall Offer, being shareholders who:<br><br>(1) were a registered holder of Shares at 7.00pm (Sydney time) on the Record Date, being 13 December 2022;<br><br>(2) have a registered address in either Australia or New Zealand; and<br><br>(3) are not in the United States and are not acting for the account or benefit of a person in the United States. | Section 3.5 |
| **Eligible Placement Options Applicants** | Eligible Placement Options Applicants are eligible to participate in and apply for Placement Options, being shareholders who participated in and are to be issued Placement Shares under the Placement announced on ASX on 8 December 2022. | Section 3.5 |
| **Eligible Broker Offer Applicants** | Only the Joint Lead Managers are eligible to participate in the Broker Offer. | Section 3.5 |
| **Not transferable** | Your participation in the Rights Issue, offer of Placement Options or Shortfall Offer is personal to you and cannot be transferred to any person. | |

| Key Offer details | Summary | Further information |
|---|---|---|
| **Key risks** | There are risks involved with an investment in the Company, and in investing in Shares and Options generally.<br><br>Some of the key risks include:<br><br>• reliance on third party raw material and manufacturing suppliers;<br><br>• foreign exchange risk;<br><br>• reliance on sales channels and key customers;<br><br>• no contracts with key customers;<br><br>• Forbidden Foods operates in a competitive industry; and<br><br>• impact of pandemics and health crises.<br><br>You should carefully consider all of the key risks set out in Section 7 before making any investment decision. | Section 7 |
| **How to apply under the Rights Issue and Shortfall Offer** | You may apply for Rights Issue Shares and Rights Issue Options under the Rights Issue and Shortfall Offer, by reviewing a copy of this Prospectus and following the directions on the Application Form and making payment directly from an Australian bank account by BPAY® or making payment by EFT.<br><br>Your payment must be received by the Registry prior to the close of the Placement and Rights Issue at 5.00pm (Sydney time) on 27 January 2023. | Section 3.6 |
| **Rights attached to Rights Issue Shares** | Rights Issue Shares issued under the Rights Issue will rank equally with all other Shares on issue.<br><br>Details on the rights and liabilities attaching to Shares (including the Rights Issue Shares) is set out in Section 5 of this Prospectus. | Section 5 |
| **Rights attached to Options** | Options issued under this Prospectus have the rights and liabilities set out in Section 6. | Section 6 |
| **How to apply under the offer for Placement Options or Broker Options** | Eligible Placement Options Applicants will be sent a copy of this Prospectus and a link to apply for the Placement Options.<br><br>The Joint Lead Managers will be sent a copy of this Prospectus and an Application Form with instructions of how to apply for the Broker Options. | Section 3.7 and Section 3.9 |
| **Is the Rights Issue underwritten?** | The Offers are not underwritten, but the Company reserves the right to arrange underwriting in due course if considered appropriate. | 3.16 |

| Key Offer details | Summary | Further information |
|---|---|---|
| **Issue of Shares and Options** | The Rights Issue Shares and Rights Issue Options under the Rights Issue and Shortfall Offer, Placement Options under the Placement and Broker Options under the Broker Offer are expected to be issued on or around 31 January 2023.<br><br>Holding statements for the Rights Issue Shares and Rights Issue Options issued under the Rights Issue and Shortfall Offer, Placement Options under the Placement and Broker Options under the Broker Offer are expected to be despatched on or around 1 February 2023. | Section 3.18 |
| **How will the Offers impact existing securities on issue?** | Following the issue of the Placement Shares, and assuming the Rights Issue is fully subscribed, the Company will have a total of 168,293,338 Shares on issue.<br><br>Following the Extraordinary General Meeting for approval of the issue of the Placement Options and Broker Options (and assuming such approval is obtained) and assuming the Rights Issue is fully subscribed, the Company will have a total of 42,445,119 quoted Options, 8,750,000 unquoted options and 2,455,260 performance rights, on issue. | Section 4.3 |
| **More information** | If you have any questions in relation to how to participate in the Placement, Rights Issue or Shortfall Offer please contact the Forbidden Foods Offer Information Line on 1300 288 664 (from within Australia) or +61 2 9698 5414 (from outside Australia), or consult your financial or other professional adviser. The Forbidden Foods Offer Information Line will be open from 8.30am to 8.30pm (Sydney time), Monday to Friday during the offer period. Alternatively, you can access a copy of this Prospectus online on the investor portal at https://investor.automic.com.au/#/home .<br><br>If you have any questions in relation to whether an investment in Forbidden Foods through the Rights Issue, Shortfall Offer or offer of Placement Options is appropriate for you, please contact your stockbroker, accountant or other professional adviser. | |

# 3 Details of the Offers

## 3.1 The Rights Issue

The Rights Offer is being made as a pro-rata non-renounceable entitlement offer to existing shareholders of 1 new Share for every 3 Shares held on the Record Date at an issue price of $0.0355 (**Rights Issue Shares**), together with one free Option (exercisable at $0.08 per Option on or before 31 January 2025) for every two new Shares subscribed for under the Rights Issue (**Rights Issue Options**) (together the **Rights Issue**).

Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of approximately 34,467,700 Rights Issue Shares and 17,233,850 quoted Rights Issue Options will be issued pursuant to the Rights Issue to raise up to approximately $1.22 million (subject to rounding).

As at the date of this Prospectus the Company has 8,750,000 unquoted Options on issue, as follows:

(a) 5,500,000 Options (expiring 31 August 2023); and

(b) 3,250,000 Options (expiring 30 November 2023).

All of the Rights Issue Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5 for further information regarding the rights and liabilities attaching to the Shares.

All of the Rights Issue Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6. All Shares issued on conversion of the Rights Issue Options will rank equally with the Shares on issue at the date of this Prospectus.

If all Rights Issue Options are exercised the Company will receive approximately a further $1.38 million. However the exercise of Rights Issue Options is entirely at the discretion of the holder.

The purpose of the Rights Issue and the intended use of funds raised are set out in Section 4.1.

The Rights Issue is non-renounceable. Accordingly, an Eligible Shareholder may not sell or transfer all or part of their Entitlement.

## 3.2 The Placement Options offer

The offer of the Placement Options is for the issue of up to 15,211,269 Placement Options to applicants who participated in the Placement.

The Placement was for the issue of 30,422,536 Shares at an issue price of $0.0355 per Share. The Placement will be issued in two tranches, with the first tranche to be issued on 15 December 2022 to raise $917,703 (before costs) and the second tranche to be issued on 31 January 2023, subject to shareholder approval, to raise a further $162,298 (before costs).The purpose of the Placement and the intended use of funds are set out in Section 4.1.

Based on the number of Shares issued to Eligible Placement Options Applicants who participated in the Placement, and subject to shareholder approval of tranche 2 of the Placement, a maximum of 15,211,269 Placement Options will be issued pursuant to this Prospectus. Each Eligible Placement Options Applicant who participated in the Placement will be able to apply for one Placement Option for every two Placement Shares they subscribed for. Each Placement Option is exercisable at $0.08 on or before 31 January 2025.

The issue of the Placement Options remains subject to approval of the Company's shareholders for the purposes of ASX Listing Rule 7.1. An extraordinary general meeting to approve the issue is expected to be held in mid-January 2023.

If all Placement Options are exercised, the Company will receive approximately a further $1.22 million. However, the exercise of the Placement Options is entirely at the direction of the holder.

The terms and conditions of the Placement Options are set out in Section 6 of this Prospectus.

Any shares to be issued upon the exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5 for further information regarding the rights and liabilities attaching to the Shares.

## 3.3 Shortfall offer

Any Rights Issue Shares and Rights Issue Options not taken up pursuant to the Rights Issue will form the Shortfall Offer (**Shortfall Shares**). The Shortfall Offer is a separate offer made pursuant to this Prospectus.

The Shortfall Shares will first be made available for subscription to Eligible Shareholders. If all Shortfall Shares are not subscribed for by Eligible Shareholders the Company reserves the right to place those Shares (together with attaching Options) to investors within three months following the Closing Date, subject to compliance with the ASX Listing Rules. The issue price for each Shortfall Share to be issued under the Shortfall Offer shall be $0.0355, being the price at which Shares have been offered under the Rights Issue. An applicant under the Shortfall Offer will also receive 1 free Option for every 1 Shortfall Share subscribed for under the Shortfall Offer).

All decisions regarding the allocation of Shortfall Shares will be made by the Board.

All decisions regarding the allocation of the Shortfall Shares will be final and binding on all applicants under the Shortfall Offer; as such there is no guarantee that any Shortfall Shares applied for will be issued.

The Company will have no liability to any Applicant who receives less than the number of Shortfall Shares they applied for under the Shortfall Offer. If the Company scales back any applications for Shortfall Shares under the Shortfall Offer any Application monies will be returned (without interest) as soon as practicable.

## 3.4 Broker Offer

Pursuant to the engagement letter entered into between the Company and the Joint Lead Managers, the Company has agreed to issue 10,000,000 Broker Options to be split equally between the Joint Lead Managers as consideration for the services provided by the Joint Lead Managers to the Company in relation to the Capital Raising.

The issue of the Broker Options remains subject to the approval of the Company's shareholders for the purposes of ASX Listing Rule 7.1. An extraordinary general meeting to approve the issue is expected to be held in mid-January 2023.

Each Broker Option will be issued in the same class as the Placement Options and Rights Issue Options. The Broker Options have the same exercise price and exercise expiry date as the Placement Options and Rights Issue Options.

If all Broker Options are exercised, the Company will receive approximately a further $800,000. However, exercise of the Broker Options is entirely at the discretion of the holder.

Any Shares to be issued upon the exercise of the Broker Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5 for further information regarding the rights and liabilities attaching to the Shares.

## 3.5 Eligibility

***Rights Issue***

Only Eligible Shareholders may participate in the Rights Issue.

'Eligible Shareholders' for the purpose of the Rights Issue are Shareholders who:

(a) were a registered holder of Forbidden Foods Shares at 7.00pm (AEDT) on the Record Date, being 13 December 2022;

(b) have a registered address in either Australia or New Zealand; and

(c) are not in the United States and are not acting for the account or benefit of a person in the United States.

The Company has determined that due to the low number of overseas shareholders and the cost of complying with regulatory requirements the Rights Issue will not be made available to Shareholders resident in jurisdictions outside Australia and New Zealand. Accordingly, the Rights Issue is not made to holders of Shares with a registered address outside of Australia and New Zealand, or that are in the United States or are acting for the account or benefit of a person in the United States, and accordingly those Shareholders may not participate.

Participation in the Rights Issue is optional and is subject to the terms and conditions set out in this Prospectus.

***Placement Options offer***

The offer of the Placement Options offer will only be extended to Eligible Placement Options Applicants. You are an Eligible Placement Options Applicant if you participated in the Placement and you received a firm allocation of Placement Shares under the Placement.

A link to the Placement Options Application will be sent by the Company to these parties.

Participation in the Placement Options is optional and is subject to the terms and conditions set out in this Prospectus.

***Shortfall Offer***

The Shortfall Offer will initially only be extended to persons who are eligible for and make an application under the Rights Issue.

To apply for Shortfall Shares under the Shortfall Offer, follow the instructions set out in Section 3.61.1(b) below.

Participation in the Shortfall Offer is optional and is subject to the terms and conditions set out in this Prospectus.

If Eligible Shareholders do not subscribe for all Shortfall Shares available under the Shortfall Offer, the Board reserves the right to place the balance of the Shortfall Shares (together with attaching Options) to investors within three months of the Closing Date, subject to compliance with the ASX Listing Rules.

***Broker Offer***

The Broker Offer will only be extended to the Joint Lead Managers. A Broker Offer Application Form will be provided by the Company to the Joint Lead Managers.

Participation in the Broker Offer is optional and is subject to the terms and conditions set out in this Prospectus.

## 3.6 What Eligible Shareholders may do

The number of Rights Issue Shares to which Eligible Shareholders are entitled is shown on each personalised Rights Issue Application Form which can be accessed on the Company's share registry investor portal at https://investor.automic.com.au/#/home. Eligible Shareholders may choose to do any of the following:

(a) if you wish to accept your full Entitlement:

  (i) make payment by BPAY® or EFT in Australian currency, for the appropriate application monies (at $0.0355 per Rights Issue Share); or

(b) if you wish to accept your full Entitlement and also apply for Shares under the Shortfall Offer:

  (i) make payment by BPAY® or EFT in Australian currency, for the appropriate application monies (at $0.0355 per Rights Issue Share); or

(c) if you wish only to accept part of your Entitlement:

  (i) make payment by BPAY® or EFT in Australian currency, for the appropriate application monies (at $0.0355 per Rights Issue Share); or

(d) if you do not wish to accept all or part of your Entitlement. You are not obliged to do anything.

## 3.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Rights Issue Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

(a) you do not need to submit the Rights Issue Application Form but are taken to have made the declarations on that Rights Issue Application Form; and

(b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application monies received for more than your final allocation of Shares (only where the amount is $1.00 or greater) will be refunded. No interest will be paid on any Application monies received or refunded.

## 3.8 Payment by Electronic Funds Transfer (EFT)

For payment by EFT, please follow the instructions on the Rights Issue Application Form. Please note that should you choose to pay by EFT:

(a) you do not need to submit the Rights Issue Application Form but are taken to have made the declarations on that Rights Issue Application Form; and

(b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your application monies.

You must quote your unique reference number as your payment reference/description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and Shares subsequently not issued.

It is your responsibility to ensure that your EFT payment is received by the share registry by no later than 5.00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application monies received for more than your final allocation of Shares (only where the amount is $1.00 or greater) will be refunded. No interest will be paid on any Application monies received or refunded.

## 3.9 Application for the Placement Options

This Prospectus will be sent personally by the Company to each Eligible Placement Options Applicant.

Applications for Placement Options can only be made by Eligible Placement Options Applicants and must be made online using the link that will accompany the copy of the Prospectus provided to Eligible Placement Options Applicants.

Eligible Placement Options Applicants are not required to make any payment for the Placement Options. The Placement Options are free quoted Options issued to Eligible Placement Options Applicants pursuant to the terms of the Placement. The issue of Placement Options remains subject to the Company obtaining shareholder approval at the extraordinary general meeting expected to be held in mid-January 2023.

## 3.10 Application for Shortfall Offer

To apply for Shortfall Shares under the Shortfall Offer, follow the instructions set out in Section 3.6(b) above.

## 3.11 Application for Broker Offer

This Prospectus will be sent to the Joint Lead Managers.

Applications for Broker Options can only be made by the Joint Lead Managers and must be made using a Broker Offer Application Form accompanying this Prospectus.

Each Joint Lead Manager should follow the instructions on the Broker Offer Application Form with respect to the return and delivery of their Broker Offer Application Form.

## 3.12 Implications on acceptance

Returning a completed Rights Issue Application Form, Placement Options Application Form or Broker Offer Application Form (or being deemed to have done so) or paying any Application monies will be taken to constitute a representation by you that:

(a) you have received a copy of this Prospectus and the accompanying Rights Issue Application Form, Placement Options Application Form or Broker Offer Application Form (as applicable), and read them both in their entirety;

(b) you acknowledge that once the Rights Issue Application Form, Placement Options Application Form or Broker Offer Application Form is returned or a BPAY or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn by you except as required by law

(c) you may be offered Rights Issue Shares, Rights Issue Options, Placement Options or Broker Options in accordance with all applicable laws, and any acceptance by you on your own behalf or in respect of any person for which you are acting complies with all applicable law;

(d) you agree to be bound by the provisions of the Constitution (as amended and as it may be amended from time to time in the future), and the terms and conditions of the issue of the Options set out in Section 6; and

## 3.13 Privacy policy

Chapter 2C of the Corporations Act requires information about a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. This information must continue to be included in the public register if you cease to be a securityholder.

Forbidden Foods and the Registry may collect personal information to process your application, implement the Offers and administer your holding of Shares. The personal information contained in the share register is also used to facilitate payments and corporate communications (including

financial results), annual reports and other information to be communicated to holders of Shares, and to ensure compliance with legal and regulatory requirements, including Australian taxation laws and the Corporations Act.

Your personal information may be disclosed to joint investors, the Registry, securities brokers, third party service providers (including print and mail service providers, technology providers and professional advisers), related entities of Forbidden Foods and its agents and contractors, and the ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom your personal information may be disclosed may be located overseas.

Automic Registry Services' privacy policy is available on their website: https://www.automicgroup.com.au/privacy-policy/

## 3.14 Costs of participation

Forbidden Foods will not charge any brokerage, commissions or other transaction costs in respect of the application for, and allotment of, Placement Options, Rights Issue Shares, Rights Issue Options or Broker Options under this Prospectus.

## 3.15 No minimum subscription

There is no minimum subscription under the Rights Issue.

## 3.16 No underwriting

The Rights Issue is not underwritten meaning that there is no guaranteed minimum amount that will be raised under the Rights Issue. However, the Company reserves the right to arrange underwriting in due course if considered appropriate.

## 3.17 ASX quotation

An application for Official Quotation of the Placement Options, Rights Issue Shares, Rights Issue Options and Broker Options offered pursuant to this Prospectus will be made to ASX within 7 days after the date of this Prospectus.

If ASX does not grant Official Quotation of the Rights Issue Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Rights Issue Shares (or attaching Rights Issue Options) and will refund all application monies received under the Rights Issue within the time prescribed under the Corporations Act, without interest.

If the Company does not receive sufficient Applications to meet the requirements for quotation of a second class of securities (being the Placement Options, Rights Issue Options and Broker Options) under the ASX Listing Rules or ASX does not grant Official Quotation of the Placement Options, Rights Issue Options and Broker Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Placement Options, Rights Issue Options and Broker Options and will refund all application monies received for the Placement Options, Rights Issue Options and Broker Options (which will be $nil as they are free attaching Options) within the time prescribed under the Corporations Act, without interest

The fact that ASX may grant Official Quotation to the Placement Options, Rights Issue Shares, Rights Issue Options and Broker Options is not to be taken in any way as an indication of the merits of the Company or the Rights Issue Shares offered under this Prospectus, or of the Rights Issue Options, Placement Options or Broker Options.

## 3.18 Issue

Rights Issue Shares, Rights Issue Options, Broker Options and Placement Options issued pursuant to the Offers under this Prospectus will be issued on or around 31 January 2023 in accordance with the ASX Listing Rules.

Holding statements for Rights Issue Shares, Rights Issue Options, Broker Options and Placement Options issued under this Prospectus will be mailed in accordance with the ASX Listing Rules as soon as practicable after their issue.

## 3.19 Overseas Shareholders

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Rights Issue Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Rights Issue is not being extended and Rights Issue Shares (and attaching Rights Issue Options) will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Shares and Options under the Offers are not being offered or sold to the public in New Zealand other than to Eligible Shareholders to whom the offer of Shares and Options under the Offers are being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.*

This document has not been registered, filed or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## 3.20 Inconsistency

The terms and conditions of the Rights Issue and the offer of Placement Options and Broker Options set out in this Prospectus prevail to the extent of any inconsistency with the Rights Issue Application Form, the Placement Options Application Form or the Broker Offer Application Form.

# 4 Purpose and effect of the Capital Raising

## 4.1 Purpose of the Capital Raising and use of funds

Pursuant to the Capital Raising (comprising the Placement, Rights Issue and Shortfall Offer), Forbidden Foods is aiming to raise $1,080,000 under the Placement and up to approximately $1.22 million under the Rights Issue (and Shortfall Offer) for a total maximum amount of approximately $2.30 million (before costs).

The purpose of the Offers is to provide immediate short term capital resources to accelerate sales and the international expansion of the Company's leading Blue Dinosaur® range, particularly into the United States.

As per the Company's ASX Announcement on 2 December 2022, integration with US distribution partner, KeHE Distributors has advanced rapidly, having completed all required Electronic Data Interchange interface integration to ensure seamless orders from major US retailers. Additionally, work alongside KeHE Sample orders for Blue Dinosaur® US stock have been received and the Company anticipates first orders from large retail groups shortly.

In addition, the proceeds of the Offers will be used to fund general working capital and to pay the expenses of the Offers, each as follows:

| Item | Allocation (if $400,000 raised under Rights Issue and Shortfall Offer) | Allocation (if $700,000 raised under Rights Issue and Shortfall Offer) | Allocation (if Rights Issue and Shortfall Offer fully subscribed) |
|---|---|---|---|
| Blue Dinosaur | $800,000 | $1,000,000 | $1,200,000 |
| Expenses of the Offers | $220,000 | $240,000 | $280,000 |
| Working capital | $297,703 | $377,703 | $661,306 |
| Total | $1,317,703 | $1,617,703 | $2,141,306 |

**Note:** Each of the above allocations includes the full $917,702 raised under tranche 1 of the Placement. If the Company's shareholders approve tranche 2 of the Placement at the EGM in January, an additional $162,298 will be raised, with $9,738 in additional expenses being incurred and the balance of $152,560 being allocated to working capital.

## 4.2 Effect of the Offers

The principal effect of the Offers, assuming tranche 2 of the Placement is approved, the Rights Issue (and Shortfall Offer) is fully subscribed and assuming that all Placement Options and Broker Options offered under the Prospectus are issued, will be to:

- increase the cash reserves of the Company by approximately $2.30 million, before deducting the costs of the Capital Raising;
- increase the number of Shares on issue from 103,403,102 to 168,293,338; and
- increase the number of Options on issue to 51,195,119 Options, of which 42,445,119 will be quoted and 8,750,000 will remain unquoted (in addition to the 2,455,260 performance rights that have been approved by shareholders but have not yet been issued).

## 4.3 Effect on capital structure

The effect of the Capital Raising on the capital structure of Forbidden Foods, based on the amount raised under the Capital Raising and assuming all shareholder approvals are obtained is set out below.

| Shares and Options | Number (if $400,000 raised under Rights Issue and Shortfall Offer) | Number (if $700,000 raised under Rights Issue and Shortfall Offer) | Number (if Rights Issue and Shortfall Offer fully subscribed) |
|---|---|---|---|
| Shares currently on issue | 103,403,102 | 103,403,102 | 103,403,102 |
| Placement Shares to be issued pursuant to the Placement | 30,422,536 | 30,422,536 | 30,422,536 |
| Rights Issue Shares to be issued pursuant to the Rights Issue | 11,267,606 | 19,718,310 | 34,467,700 |
| **Total Shares** | **145,093,244** | **153,543,948** | **168,293,338** |
| Unquoted options currently on issue | 8,750,000 | 8,750,000 | 8,750,000 |
| Performance rights approved at 2022 AGM but not yet issued to recipients | 2,455,260 | 2,455,260 | 2,455,260 |
| Placement Options to be issued | 15,211,269 | 15,211,269 | 15,211,269 |
| Rights Issue Options to be issued | 5,633,803 | 9,859,155 | 17,233,850 |
| Broker Options | 10,000,000 | 10,000,000 | 10,000,000 |
| **Total share capital (on a fully diluted basis)** | **187,143,576** | **199,819,632** | **221,943,717** |

**Note:** Assumes that tranche 2 of the Placement is approved by the Company's shareholders at the EGM in January 2023. If not, then the number of Shares will be reduced by 4,571,761 and the number of Options by 2,285,881.

## 4.4 Effect on the control of the Company

The potential effect that the Rights Issue will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the Placement, and the structure of the Rights Issue (together with the Shortfall Offer) could have a material effect on the dilution of shareholdings and/or control of the Company.

The potential effect on control of the Capital raising is summarised below:

- even if all Eligible Shareholders take up their Entitlement under the Rights Issue, then because of the Placement, all Eligible Shareholders will suffer an approximate 25% dilution in their shareholding as compared to their shareholding as at the date of this Prospectus (subject to that Eligible Shareholder having participated in the Placement or taking up additional Shares under the Shortfall Offer);

- in the more likely event that some Eligible Shareholders do not take up all of their Entitlement under the Rights Issue, then the interests of those Eligible Shareholders in the Company will be diluted even further relative to those Eligible Shareholders who have participated in the Placement or who subscribe for their full Entitlement, or those Eligible Shareholders who take up their full Entitlement and subscribe for additional Shares under the Shortfall Offer; and

- there are currently three substantial shareholders on the Company's share register. Following completion of the Rights Issue, and assuming the Rights Issue (and Shortfall Offer) is fully subscribed and that those holders do not take up their Entitlement under the Rights Issue or subscribe for Shares under the Placement (noting that neither Milani Family Investments nor MKB Family Investments, being related parties of Jarrod Milani and Marcus Brown, executive directors of the Company, can participate in the Placement without shareholder approval), their projected voting power in the Company is as follows:

| Shareholder | Shares | % before Capital Raising | % after Capital Raising |
|---|---|---|---|
| MKB Family Investments Pty Ltd <MKB Family A/C> | 9,901,284 | 9.58% | 5.88% |
| Milani Family Investments Pty Ltd <Milani Family A/C> | 9,427,811 | 9.12% | 5.60% |
| Tuwhera Te Rangi Ltd | 6,876,306 | 6.65% | 4.09% |

**Note:** Assumes that tranche 2 of the Placement is approved by the Company's shareholders at the EGM in January 2023.

## 4.5 Financial effect of the Capital Raising

The audited balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet as at 30 June 2022 shown below have been prepared on the basis of the accounting policies adopted by the Company and reflect the financial effect of the Capital Raising on the Company.

The pro forma balance sheet has been prepared on the following basis:

- the Placement has raised $917,703;

- the Rights Issue (and Shortfall Offer) raises either $611,802 or $1,223,603;

- a corresponding number of Rights Issue Options is issued based on the two Rights Issue scenarios outlined in the table; and

- shareholders approve the issue of the Placement Options and Broker Options and all Placement Options and Broker Options are issued.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and the pro-forma assets and liabilities of the Company as noted below. The historical financial information and the pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | 30 Jun 2022 Audited $'000 (Note 1) | Subsequent events $'000 (Note 2) | Pro forma 30 Sep 2022 (unaudited) $'000 (Note 3) | Pro forma adjustments (assuming 50% subscription of Rights Issue) $'000 (Note 4) | Pro forma adjustments (assuming full subscription of Rights Issue) $'000 (Note 5) | Pro forma after the Offers (assuming 50% subscription of Rights Issue) $'000 $ | Pro forma after the Offers (assuming full subscription of Rights Issue) $'000 $ |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 2,298 | (1,333) | 965 | 1,298 | 1,870 | 2,263 | 2,835 |
| Trade and other receivables | 768 | (338) | 430 | 21 | 25 | 451 | 455 |
| Inventories | 1,475 | - | 1,475 | - | - | 1,475 | 1,475 |
| Property, plant and equipment | 91 | - | 91 | - | - | 91 | 91 |
| Intangibles | 3,110 | - | 3,110 | - | - | 3,110 | 3,110 |
| Right-of-use assets | 51 | - | 51 | - | - | 51 | 51 |
| Other | 71 | - | 71 | - | - | 71 | 71 |
| **Total assets** | **7,864** | **(1,671)** | **6,193** | **1,319** | **1,895** | **7,512** | **8,088** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Trade and other payables | 1,366 | (309) | 1,057 | - | - | 1,057 | 1,057 |
| Employee benefits | 324 | - | 324 | - | - | 324 | 324 |
| Lease liabilities | 67 | - | 67 | - | - | 67 | 67 |
| **Total liabilities** | **1,757** | **(309)** | **1,448** | **-** | **-** | **1,448** | **1,448** |
| **Net assets/(liabilities)** | **6,107** | **(1,362)** | **4,745** | **1,319** | **1,895** | **6,064** | **6,640** |
| | | | | | | | |
| **Equity** | | | | | | | |
| Issued capital | 15,346 | - | 15,346 | 1,319 | 1,895 | 16,665 | 17,241 |
| Reserves | 700 | - | 700 | - | - | 700 | 700 |
| Retained earnings/(losses) | (9,939) | (1,362) | (11,301) | - | - | (11,301) | (11,301) |
| **Total equity** | **6,107** | **(1,362)** | **4,745** | **1,319** | **1,895** | **6,064** | **6,640** |

**Note 1** The Statement of Financial Position at 30 June 2022 has been extracted from the Company's audited financial statements for the year ended 30 June 2022 as released to the ASX on 30 August 2022.

**Note 2** The subsequent events adjustment provides for actual material changes subsequent to 30 June 2022 up to 30 September 2022, including:

- decrease of cash and cash equivalents by $1.333m
- reduction in trade and other receivables and trade and other payables
- general expenditure offset by income

**Note 3** The unaudited pro forma Statement of Financial Position at 30 September 2022 is based on the Company's Statement of Financial Position at 30 June 2022 adjusted for material changes subsequent to that date including the items in Note 2.

**Note 4** The pro forma adjustments assuming 50% subscription of Rights Issue and Shortfall Offer include the following:

- the issue of 25,850,775 new Shares through the Placement at $0.0355 per Share raising $917,703 before costs.
- the issue of 17,233,850 new Shares through the Rights Issue at $0.0355 per Rights Issue Share raising $611,802 before costs.
- estimated transaction costs of $231,006 to be paid in cash and offset against the issued capital.

**Note 5** The pro forma adjustments assuming full subscription of Rights Issue and Shortfall Offer include the following:

- the issue of 25,850,775 new shares through the Placement at $0.0355 per share raising $917,703 before costs
- the issue of 34,467,700 new shares through the Rights Issue at $0.0355 per Rights Issue Share raising $1,223,603 before costs
- estimated transaction costs of $271,384 to be paid in cash and offset against the issued capital

**Note 6** If the Company's shareholders approve the issue of tranche 2 of the Placement Shares, the Company will issue a further 4,571,761 Placement Shares and a further 2,285,881 Placement Options, and the Company will receive an additional $162,298 in current assets.

The Placement Options and Rights Issue Options to be issued pursuant to this Prospectus will be issued for nil consideration. Accordingly, there will be no immediate effect on the Company's balance sheet. However, capital will be raised if the Placement Options or Rights Issue Options are exercised. This will have a positive effect on the Company's balance sheet by raising current assets by a corresponding amount.

If the maximum number of Placement Options and Rights Issue Options are issued and then exercised, the Company will receive approximately a further $2,412,739 in current assets. However, the Company is not able to specify with any certainty the extent of any change to the balance sheet given the uncertainty around the number of Placement Options or Rights Issue Options to be ultimately issued and whether and when any of the Placement Options or Rights Issue Options will be exercised.

This Section excludes any effects from the issue of options to BW Equities Pty Ltd or Viriathus Capital Pty Ltd as part of their fees, which is subject to shareholder approval.

# 5 Rights and Liabilities attaching to Shares

## 5.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted, and continues to be admitted, to the Official List of the ASX.

## 5.2 Escrow restrictions

In the event that ASX determines that certain Shares should be classified as 'restricted securities', a Shareholder must not dispose of those restricted securities (and the Company must refuse to acknowledge a disposal) during the applicable escrow period, except as permitted by the ASX Listing Rules. Shareholders who hold restricted securities are taken to have agreed that the restricted securities are kept on the Company's issuer sponsored sub-register and to have a holding lock applied for the duration of the escrow period. Shareholders will not be entitled to participate in any return of capital on restricted securities during the escrow period except as permitted by the ASX Listing Rules.

## 5.3 Voting at a general meeting

The Company's Constitution was amended on 29 November 2022 which requires the Company, to decide substantive resolutions at a general meeting by poll rather than a show of hands. In case of procedural resolutions, voting must be conducted by a show of hands. If the votes are equal on a proposed resolution, the Chairman of the meeting has a casting vote, in addition to his or her deliberative vote.

## 5.4 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

The Company's Constitution was amended on 29 November 2022 so as to enable the Company to hold general meetings physically, wholly-virtually or using a hybrid structure. Where the Company holds a virtual or hybrid general meeting using virtual meeting technology, the Shareholders as a whole are allowed a reasonable opportunity to participate in the meeting. The Chair of the meeting may adjourn the meeting in the event that a technical difficulty prevents the Shareholders as a whole from participating in the meeting.

## 5.5 Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and decide the method of payment.

## 5.6 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, Corporations *Regulations 2001* (Cth) and ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the Corporations Act and ASX requirements. The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

## 5.7 Issues of further Shares

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

## 5.8 Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

## 5.9 Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of not less than $500.

## 5.10 Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

## 5.11 Directors – Appointment and retirement

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of nine Directors, unless the Company resolves otherwise at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (excluding the CEO) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either as an addition to the existing Directors or to fill a casual vacancy, who will then hold office until the conclusion of the next annual general meeting of the Company following his or her appointment.

## 5.12 Directors – Voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. If the votes are equal on a proposed resolution, the Chairman of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote in which case the Chairman of the meeting does not have a second or casting vote and the proposed resolution is taken as lost. A Director may attend and vote by proxy at a meeting of the Board if the proxy is a Director, and has been appointed in writing by the appointer.

## 5.13 Directors – Remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director but the total aggregate amount provided to all Non-Executive Directors of the Company for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director (who is not the CEO or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors are entitled to be paid for all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company

or meetings of the Board or of Board Committees. Any Director who performs extra services, makes any special exertions for the benefit of the Company or otherwise performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

### 5.14 Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and that are not by the Constitution or by law directed or required to be done by the Company in its general meeting.

### 5.15 Preference shares

The Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or converted into ordinary shares. The rights attaching to preference shares are those set out in the Constitution or have been otherwise approved by special resolution of the Company.

### 5.16 Indemnities

The Company must indemnify each Director and executive officer on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the person as an officer of the Company.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

### 5.17 Access to records

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access for a specified period after the Director ceases to be a Director to board papers, books, records and documents of the Company which relate to the period during which the Director or former Director was a Director on such terms and conditions as the Board thinks fit. The Company may procure that its subsidiaries provide similar access to board papers, books, records or documents.

### 5.18 Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

# 6 Rights and Liabilities attaching to Options

The Placement Options, Rights Issue Options and Broker Options each have the same terms and conditions as set out in this Section.

## 6.1 Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

## 6.2 Exercise Price

Subject to paragraph 7.10, the amount payable upon exercise of each Option will be $0.08 (**Exercise Price**).

## 6.3 Expiry Date

Each Option will expire at 5.00 pm (AEDT) on 31 January 2025 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

## 6.4 Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

## 6.5 Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option holding statement (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

## 6.6 Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

## 6.7 Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will, subject to compliance with all applicable laws and the ASX Listing Rules:

(a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

(c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7.7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

## 6.8 Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

### 6.9 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### 6.10 Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

### 6.11 Change in exercise price

Subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

### 6.12 Transferability

Application will be made for the Options to be quoted on ASX. The Options will be transferable subject to any restrictions imposed by ASX.

# 7 Risk Factors

This Section 7 describes the potential risks associated with the Company's business and an investment in Shares. It does not list every risk that may be associated with the Company or an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 7 are partially or completely outside the control of the Company, the Directors and the Management team.

The selection and order of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and Management team as at the date of this Prospectus. There may be other risks which Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations or the valuation and performance of the Shares or Options. The importance of different risks may change and other risks may emerge in the future.

Before applying for Shares or Options, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and should consider whether the Shares or Options are a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares or Options, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

## 7.1 Risks specific to an investment in the Company

### (a) Reliance on third party raw material and manufacturing suppliers

Forbidden Foods relies on the availability of supply of raw materials, including organic raw materials, to meet the current and expected growth in demand for its products. Forbidden Foods' business model relies on outsourcing key raw materials to third party suppliers.

In addition to raw materials, Forbidden Foods, through its manufacturers, sources product packaging from the United States, China and other countries in Asia, and engages contract manufacturers in Australia and the United States to manufacture and pack its products.

Forbidden Foods may experience disruptions to its supply chain, for example as a result of a shortage of suitable organic-certified raw materials, a virus or disease outbreak (such as COVID-19), quality control or certification issues or a production outage. Any such disruption could have a material adverse impact on Forbidden Foods' ability to source suitable raw materials and manufacture its products to meet current and anticipated future consumer demand. This would likely negatively impact the financial performance and future prospects of the business.

There is also a risk that Forbidden Foods may not be able to retain its key existing third party suppliers. Forbidden Foods relationships with its existing suppliers are typically not exclusive, and its suppliers also have relationships with third parties (including Forbidden Foods' competitors). Forbidden Foods' current third party suppliers and service providers may cease their supply to Forbidden Foods – for example, as a result of a dispute – which would restrict Forbidden Foods' ability to source supply from that supplier. If a third party supplier ceased supplying products or services to Forbidden Foods and an alternative supplier was not readily available, this could lead to a material adverse effect on the Company's operations, financial performance and growth prospects.

In addition, the Company's supply arrangements are generally governed by purchase orders and invoices, which means that suppliers may change the price or other terms on which products are supplied, as well as the range of products available, on short

notice. If this was to occur in circumstances where alternative supply arrangements were not available, this could lead to a material adverse effect on the Company's operations, financial performance and growth prospects.

**(b) Foreign exchange risk**

Forbidden Foods sources a significant amount of its raw materials and packaging from China, and pays for it in United States dollars. The Company's manufacturing expenses are typically incurred in Australian dollars and the Company generates revenue in a range of currencies, including Australian dollars, US dollars and New Zealand dollars.

The Company's financial statements are presented in Australian dollars, and therefore the Company must translate its assets, liabilities, revenue and expenses into Australian dollars for external reporting purposes. As a result, significant changes in the value of the Australian dollar during a reporting period (in particular, any material depreciation against the US dollar) may unpredictably and adversely impact the Company's operating results, asset and liability balances and cash flows.

**(c) Reliance on sales channels and key customers**

Forbidden Foods distributes its products to end consumers through various sales channels, including Australian retailers such as Coles and Woolworths. The Company depends on continued access to its sales channels and its relationships with its current customers and, similar to many other suppliers in the Food and Beverage Industry, many of the Company's customer arrangements are not contracted.

There can be no guarantee that the Company's relationships with key customers and channel partners will continue or, if they do continue, that they will purchase the same, similar or greater quantities of Forbidden Foods' products as they have historically.

In addition, Australian retailers are often sophisticated organisations with strong negotiating power that are able to resist price increases or demand increased promotional programs. Retailers may also decrease the number of brands that they carry and increase the emphasis on private label products. In addition, customers such as supermarkets and food distributors, may exit the Australian market for a number of reasons such as consolidation or ceasing business.

If Forbidden Foods is unable to effectively negotiate commercial terms with its channel partners, or if they cease carrying Forbidden Foods' products or cease operations, the Company's financial performance and prospects would be materially and adversely affected.

**(d) No contracts with key customers**

Forbidden Foods' performance and growth is dependent on maintaining its existing customers and securing new customers. A proportion of Forbidden Foods' revenue is generated from uncontracted customer relationships, using the Company's or the customer's standard terms and conditions and purchase orders and invoices. These supply arrangements typically have no minimum volume requirements and can be varied or terminated by the customer on short notice (or no notice) and without penalty. Even when customers are contracted, the Company's sales contracts typically do not provide for minimum volumes, although they may give Forbidden Foods exclusive supply rights.

There is a risk that the Company will be unable to maintain its uncontracted customers, or secure new customers, on commercially viable terms. In addition, there is no certainty as to the volume, price and frequency of any future sales from uncontracted customers. Given the nature of the Company's business, it is likely that a significant proportion of Forbidden Foods' sales will continue to be on an uncontracted basis.

If Forbidden Foods is unable to retain its existing customers and grow its customer base, particularly in circumstances where a significant proportion of its revenue is not contracted, Forbidden Foods' revenue and profitability could be materially and adversely affected.

**(e) Forbidden Foods operates in a competitive industry**

Forbidden Foods' operates in a highly competitive geographic and product market.

There is no assurance that Forbidden Foods will be able to compete effectively with existing and new competitors in the future. Forbidden Foods competes with other larger brands and products for retail shelf space at its sales channels and many of its competitors are multinational corporations and other large food brands, most of whom have significantly more access to capital and resources. Should any of Forbidden Foods' competitors participate more aggressively on price, product, innovation or other means, this could have a material adverse impact on Forbidden Foods' financial performance and prospects.

**(f) Impact of pandemics and health crises**

COVID-19 has brought significant volatility in global financial markets and has impacted many aspects of life and the economy in Australia and around the world.

While the effects of COVID-19 may be subsiding, the lingering effects of the pandemic could still have a significant adverse effect on Forbidden Foods.

**(g) Customer concentration risk**

Should the Company's trading relationship with any of its large customers change in an adverse way – for example as a result of competition, reduced demand for the Company's products or a product contamination issue – the Company's financial performance and prospects could be adversely affected.

**(h) Product concentration risk**

Forbidden Foods' product mix and revenues are currently dependent on ingredients and finished consumer goods. Given the Company's limited product range, factors affecting the supply of, and demand for, these products could have a significant adverse impact on Forbidden Foods' financial performance and future prospects.

**(i) Changes in consumer trends and preferences**

Forbidden Foods' business is primarily focused on the sale of ambient food related goods, which are subject to continually evolving consumer preferences. The Company is subject to changing consumer trends, demands, preferences and attitudes, including a shift in the beliefs, tastes and dietary habits of end consumers. There is a risk that consumer preferences for Forbidden Foods' products will change in an adverse way. Should there be a reduction in demand for Forbidden Foods' products, this could have a material adverse impact on the financial performance and future prospects of the Company.

**(j) Retail environment**

There is a risk that an economic downturn could occur in Australia or overseas, which could cause the retail environment to deteriorate as consumers reduce their expenditure (generally) or reduce their disposable income expenditure on specific discretionary items. This could result in reduced turnover for Forbidden Foods.

**(k) Climate or environment events**

As a seller of agricultural products, weather and climactic conditions directly affect the business operations of the Company. The quantity and quality of Forbidden Foods' products may be adversely affected by adverse weather or climactic conditions, including climate change, water supply issues and drought.

Any adverse change to weather or climactic conditions may impact the sustainability of the rice, seeds and grains that the Company sells, which are sourced through third party providers. If a weather or climactic condition disrupts Forbidden Foods' supply chain,

this may have a material adverse impact on the Company's operations and financial performance.

**(l) Failure to comply with food safety and quality standards**

As with most food products, raw materials and final products are susceptible to deterioration, contamination or tampering or may otherwise be unsafe or unfit for sale or consumption. This may result from various factors such as human error, equipment failure, mislabelling, poor storage, environmental contamination or poor regulation and/or enforcement.

Non-compliance with food safety regulations and quality standards, and associated adverse publicity, could damage the Company's brand and reputation, reduce demand for the Company's products and adversely affect its revenue. There is also potential for other adverse consequences, including regulatory penalties, litigation, product recall and disposal costs, loss of inventory and delayed supply.

Any product contamination or failure to comply with food safety regulations could have a material and adverse effect on the Company's financial performance and prospects.

**(m) Loss of certifications**

Forbidden Foods relies on independent certifications, such as certifications of some of its products as organic. Quality control issues in respect of raw materials and ingredients may result in the loss of any independent certifications, which could adversely affect the Company's brand and reputation as a certified organic and natural products company and result in a loss of consumer confidence in Forbidden Foods' brands. In turn, this could adversely affect the Company's business and financial performance.

**(n) Regulatory risk**

Forbidden Foods is required to comply with a range of laws and regulations in Australia and in the foreign jurisdictions in which is sources product inputs (including China and Vietnam) or sells its products (currently including Australian, New Zealand, China, Southeast Asia and the United States).These laws and regulations included food standards and product content requirements, labelling and packaging, environmental, occupational health and safety, quarantine, customs and tariff and tax laws.

Compliance with these laws and regulations, and the ability to comply with any changes to these laws and regulations, is critical to the success of Forbidden Foods' business. Any failure to comply with existing or new laws and regulations may result in a fine or penalty, loss of accreditation or brand damage, any of which could have a material and adverse effect on the Company's operations, performance and reputation.

**(o) Brand or reputation damage**

Forbidden Foods' business is dependent on its reputation with customers and consumers. Forbidden Foods' brands are of significant value to the business. The reputation and value associated with these brands and related intellectual property could be adversely affected by a number of factors, including:

- quality issues with Forbidden Foods' products;
- failure of delay in supplying products;
- disputes or litigation with third parties, employees, suppliers or customers; or
- adverse media coverage (including social media) or publicity about Forbidden Foods' products or processes.

A material adverse impact to the reputation of Forbidden Foods or its brands could negatively affect public perception of Forbidden Foods, demand for its products, consumer loyalty and employee retention. This could have a material adverse effect on Forbidden Foods' financial and operating performance and future prospects.

**(p) Reliance on key personnel**

Forbidden Foods' success depends to a significant extent on its key personnel, in particular its Founders Marcus Brown and Jarrod Milani. Marcus and Jarrod both have deep experience in, and knowledge of, the Company's business and the Food and Beverage Industry. The loss of Marcus or Jarrod could have a significant adverse effect on the management of the Company, its financial performance and future prospects.

**(q) Increase in production and logistics costs**

Forbidden Foods may be adversely impacted by increases in production and logistics costs, including material increases in raw ingredient prices, logistics and distribution costs. The availability and price of raw ingredients used in Forbidden Foods' products are influenced by global demand and supply factors outside of Forbidden Foods' control, and may be impacted by a wide range of factors such as climate or environment events. Forbidden Foods may not be able to pass on increased costs to its customers.

If there is a significant increase in the cost of raw materials and the other inputs of Forbidden Foods' products, this may have a material adverse effect on Forbidden Foods' operating and financial performance.

**(r) Failure to effectively manage inventory**

Forbidden Foods may fail to accurately forecast or manage its inventory levels. This may result in the Company incurring additional costs and losing revenue. If Forbidden Foods acquires excess raw materials or produces excess product that it cannot sell in a timely manner, the excess product may need to be sold at a discount, otherwise the excess product will become obsolete and Forbidden Foods may be required to bear the costs of the surplus product and recognise inventory write-down costs.

**(s) Intellectual property risk**

Forbidden Foods regards its brands, trademarks, domain names, trade secrets, proprietary information and similar intellectual property as important to its success. Forbidden Foods' business is developed with a strong emphasis on developing brand equity in each of its brands.

Any unauthorised use or disclosure of its intellectual property may have an adverse effect on the operating, marketing and financial performance of the Company.

In addition, there may be third party infringements of its trademarks. To enforce its intellectual property rights, the Company may have to commence legal proceedings against third parties who infringe its rights. Such intellectual property litigation is expensive and time consuming and may divert valuable resources from and disrupt the conduct of its business.

**(t) Failure to execute growth plans**

Forbidden Foods intends to continue to grow its business, including through increased sales of its current products and the introduction of new products. It aims to do this by building trusted and strong brands and products.

There is a risk that the Company is unable to increase sales of its existing product range for a range of reasons including loss of customers, competition, changes in consumer preferences, product safety issues and failure to adequately market its products.

There is also a risk that the Company's new products may be unsuccessful because they are not supported by sufficient market interest and purchases, and therefore fail to sell in the targeted volumes. The Company may also be unable to offer a sufficient number of new, differentiated products.

Unsuccessful new products and ineffective marketing campaigns may adversely impact expected future revenues.

If the Company fails to grow the sales of its existing products and does not introduce successful new products, it will not meet its growth plans and its future financial performance and prospects will be diminished.

**(u) Failure to effectively manage growth**

Forbidden Foods aims to achieve rapid growth in the scope of its operating activities, which may include operating in new markets. This growth is anticipated to result in an increased level of responsibility for existing and new management personnel. If the Company is unable to manage its expected growth successfully, including through the recruitment, training, integration and management of the staff required to support this expected growth, it may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plans or respond to competitive threats.

**(v) Forbidden Foods may need to raise additional capital**

While the proceeds raised from the Capital Raising are expected to meet the Company's next immediate phase of growth, there can be no assurance that the proceeds from the Capital Raising will be sufficient for the Company to maintain working capital at a sufficient level for operations to be maintained at their current levels. Accordingly, the Company may need to raise future capital through equity or debt financings or from other sources. If the Company is unable to generate sufficient cash flows from its operations or is unable to raise funds from additional sources on commercially acceptable terms, then its business and financial condition may be materially and adversely affected.

In addition, if the Company issues Shares to raise capital, as consideration for acquisitions or to facilitate employee share plans, Shareholders at any time may be diluted as a result of these Share issues.

**(w) The co-founders are significant Shareholders**

As at the date of this Prospectus, Marcus Brown and Jarrod Milani hold 9,901,284 and 9,427,811 of the Shares on issue respectively.

Consequently, Marcus Brown and Jarrod Milani will have a significant influence over all matters that require approval by Shareholders, including the election and removal of Directors and approval of significant corporate transactions (unless prevented from voting under the Corporations Act or ASX Listing Rules). This concentration of ownership may limit other Shareholders' ability to influence corporate matters and, as a result, actions may be taken that some Shareholders may not view as beneficial.

**(x) Failure to meet forward looking statements**

The forward-looking statements, opinions and estimates provided in this Prospectus, rely on various contingencies and assumptions. Various factors, both known and unknown, may impact upon the performance of Forbidden Foods and cause actual performance to vary significantly from expected results. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statement will eventuate.

## 7.2 General risks

**(a) The price of Shares may fluctuate**

The Rights Issue Shares may trade on ASX following issuance at a price higher or lower than the price paid for the Shares. The price of Shares may trade on ASX at a price higher or lower than the exercise price of the Options.

The price at which the Shares trade following the Capital Raising will be affected by the financial performance of the Company and by external factors unrelated to the operating performance of the Company, including movements on international share markets, the level of interest rates and exchange rates, general domestic and international economic conditions and government policies relating to taxation and other matters.

**(b) Dilution**

The Placement is being conducted within the Company's current placement capacity under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A. Notwithstanding that fact, the Placement and the potential exercise of the Placement options (if approved by Shareholders) and the Rights Issue Options will have a dilutory effect on Shareholders. This means that each Share will represent a lower proportion of the ownership of the Company on a fully diluted basis.

**(c) Trading in Shares might not be liquid**

There can be no guarantee that an active market in the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares.

**(d) Australian Accounting Standards may change**

Australian Accounting Standards are set by the AASB and are outside the control of the Company. The AASB regularly introduces new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statements of profit and loss and balance sheet items, including revenue and receivables.

**(e)** There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statements of profit and loss and balance sheet items, may differ. Changes to Australian Accounting Standards issued by the AASB, or changes to commonly held views on the application of those standards, could materially adversely affect the financial performance and position reported in the Company's consolidated financial statements. **Inflation rates**

Higher than expected inflation rates could lead to increased development and/or operating costs. If such increased costs cannot be offset by increased revenue, this could impact the Company's future financial performance.

**(f) Interest rates**

The Company does not currently have any material debt. If the Company borrows money in the future, it will be exposed to increases in interest rates which would increase the cost of servicing the Company's debts.

**(g) Other risks**

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares and Options to be issued under this Prospectus.

Shareholders and other investors are recommended to consult their professional adviser before deciding whether to apply for Shares and Options pursuant to this Prospectus.

# 8 Additional Information

## 8.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Rights Issue Shares which will be issued pursuant to this Prospectus are in the same class as Shares that have been continuously quoted on the official list of the ASX during the three months prior to the issue of this Prospectus. The Placement Options, Rights Issue Options and Broker Options are options to acquire Shares, such Shares having been continuously quoted securities on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities or an offer of options to acquire securities in a class of securities that has been continuously quoted by ASX in the three months prior to the date of the Prospectus. In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of the Rights Issue Shares, Rights Issue Options, Placement Options and Broker Options on the Company and the rights and liabilities attaching to the Rights Issue Shares, Rights Issue Options, Placement Options and Broker Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders, Joint Lead Managers and Eligible Placement Options Applicants should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from the lodgement of the Company's annual financial report for the financial year ended 30 June 2022 up to the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market operated by ASX.

Generally, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

(i) the annual financial report most recently lodged by the Company with ASIC;

(ii) any half-year financial report lodged by the Company with ASIC after the lodgement of that annual financial report and before the lodgement of this Prospectus with the ASIC; and

(iii) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the Company's principal place of business during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and up to the date of lodgement of this Prospectus with ASIC are set out in the table below.

| Date | Headline | Type |
|---|---|---|
| 08/12/2022 | Appendix 3B – Rights Issue Shares and Rights Issue Options | Appendix 3B |
| 08/12/2022 | Appendix 3B – Placement Shares and Placement Options | Appendix 3B |
| 08/12/2022 | Prospectus | Disclosure Document |
| 08/12/2022 | Capital Raising Investor Presentation | Company Presentation |
| 08/12/2022 | Forbidden Foods finalises placement to raise $1.08m to unlock US growth opportunities | Capital raising |
| 02/12/2022 | Blue Dinosaur Continues Strong Progress | Progress Report |
| 01/12/2022 | Change of Principal Place of business Address | Details of Company Address |
| 29/11/2022 | Amended Constitution | Constitution |
| 29/11/2022 | Results of Annual General Meeting | Results of Meeting |
| 29/11/2022 | CEO Presentation to Annual General Meeting | Company Presentation and Chairman's Address to Shareholders |
| 18/11/2022 | Release of Restricted Securities | Issued Capital - Other |
| 09/11/2022 | Resignation of Joint Company Secretary | Company Secretary Appointment/Resignation |
| 03/11/2022 | Flagship Amazon US Store Launched for Blue Dinosaur | Progress Report |
| 31/10/2022 | Quarterly Activities Report / Appendix 4C Cash Flow Report | Commitments Test Entity - First Quarter Activity Report<br><br>Commitments Test Entity - First Quarter Cashflow Report |
| 28/10/2022 | Notice of Annual General Meeting/Proxy Form | Web Cast<br><br>Notice of Annual General Meeting |

| Date | Headline | Type |
|---|---|---|
| | | Proxy Form<br><br>Letter to Shareholders |
| 14/10/2022 | Blue Dinosaur Lands Multiple Supermarket Banners in the US | Progress Report |
| 03/10/2022 | Major Ranging Secured and First Production Completed in US | Progress Report |
| 28/09/2022 | Change of Director's Interest Notice | Change of Director's Interest Notice |
| 28/09/2022 | Release of Securities from Voluntary Escrow | Issued Capital - Other |
| 19/09/2022 | Blue Dinosaur Secures Major Distribution Partner in the USA | Progress Report |
| 02/09/2022 | Change of Director's Interest Notice | Change of Director's Interest Notice |
| 31/08/2022 | Change of Director's Interest Notice | Change of Director's Interest Notice |
| 31/08/2022 | Change of Director's Interest Notice | Change of Director's Interest Notice |
| 31/08/2022 | Application for Quotation of securities - FFF | Appendix 2A |
| 30/08/2022 | Appendix 4G and Corporate Governance Statement | Corporate Governance<br><br>Appendix 4G |
| 30/08/2022 | Appendix 4E and Annual Report to Shareholders | Annual Report<br><br>Top 20 shareholders<br><br>Preliminary Final Report<br><br>Full Year Accounts<br><br>Full Year Audit Review<br><br>Full Year Directors' Statement<br><br>Full Year Directors' Report |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website https://www.forbiddenfoods.com.au/investors/asx-announcements.

## 8.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last closing prices of the Shares on ASX during the three months immediately preceding 5 December 2022 (being the latest practicable date prior to the lodgement of this Prospectus with ASIC) and the respective dates of those prices were:

| | Price | Date |
|---|---|---|
| Highest | $0.10 | 15 September 2022 |
| Lowest | $0.04 | 28 November 2022 |
| Last close | $0.043 | 5 December 2022 |

The Rights Issue Price for the Rights Issue Shares represents a discount of 17.4% to the last market price of Shares on 5 December 2022, being the last trading date before the announcement of the Placement and Rights Issue.

## 8.3 Substantial Shareholders

Based on the latest publicly available information, as at 5 December 2022, being the latest practicable date prior to the lodgement of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|---|---|---|
| MKB Family Investments Pty Ltd <MKB Family A/C> | 9,901,284 | 9.58% |
| Milani Family Investments Pty Ltd <Milani Family A/C> | 9,427,811 | 9.12% |
| Tuwhera Te Rangi Ltd | 6,876,306 | 6.65% |
| Total | 26,205,401 | 25.35% |

**Note:** The interests above do not take into account any change that may arise as a consequence of the Placement.

## 8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

  (i) its formation or promotion; or

  (ii) the Offers; or

(c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

  (i) the formation or promotion of the Company; or

(ii) the Offers.

## 8.5 Director's interests

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus is set out in the table below:

| Director | Shares | Options |
|---|---|---|
| Anthony Rowlinson | Nil | Nil |
| Katie Eshuys | Nil | Nil |
| Justin O'Sullivan | Nil | Nil |
| Marcus Brown | 9,901,284 | 1,500,000 |
| Jarrod Milani | 9,427,811 | 1,500,000 |

**Notes:**

1. In addition to the above, a total of 2,455,260 performance rights were approved by shareholders at the company's EGM in November 2022, to be granted to each of Anthony Rowlinson (350,000 performance rights), Marcus Brown (1,052,630 performance rights) and Jarrod Milani (1,052,630 performance rights), however those performance rights have not yet been issued to those individuals but are expected to be issued shortly.
2. Shares held by Marcus Brown are registered in the name of MKB Family Investments Pty Ltd <MKB Family A/C>
3. Shares held by Jarrod Milani are registered in the name of Milani Family Investments Pty Ltd <Milani Family A/C>

## 8.6 Litigation

As at the date of this Prospectus, Forbidden Foods is not involved in any legal proceedings against the Company and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 8.7 Remuneration of Directors

The Constitution provides that each director is entitled to such remuneration from the Company as the directors decide. The total maximum remuneration of non-executive directors in any financial year is determined by the Company in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The current maximum aggregate amount payable to all non-executive directors in any financial year has been set at an amount not to exceed $250,000. The determination of each individual non-executive director's remuneration within that approved remuneration pool is made by the Board having regard to a number of factors including the inputs and value to the Company of the non-executive director's contribution.

Under the Constitution of the Company, the remuneration of the executive directors is to be fixed by the Board. As at the date of this Prospectus, the Company has two executive directors: Marcus Brown as Chief Executive Officer and Jarrod Milani as Chief Operating Officer. The total annual base salary payable to Mr Brown is currently $200,000 and to Mr Milani is currently $200,000 (inclusive of superannuation).

The table below sets out the remuneration provided to each of the Directors of the Company and their associated companies during the last two financial years (**FY**) and for FY2023, inclusive of directors fees, consultancy fees, superannuation benefits and share-based payments.

| Director | FY 2021 | FY 2022 | FY 2023^ |
|---|---|---|---|
| Anthony Rowlinson* | - | - | 16,667 |
| Katie Eshuys* | - | - | 12,500 |
| Justin O'Sullivan* | - | - | 12,500 |
| Marcus Brown# | $175,000 | $200,000 | 81,250 |
| Jarrod Milani# | $175,000 | $200,000 | 81,250 |

* Appointed as a director effective from 1 July 2022
# Executive directors – remuneration is their executive salary (inclusive of superannuation). No additional director fees are paid.
^ Includes amounts paid and or accrued from 1 July 2022 to 30 November 2022.

Please refer to the remuneration report, which is contained on pages 11-18 of the Company's latest annual financial report for the financial year ended 30 June 2022 (**Annual Report)**, for full details of the remuneration of the Company's executive and non-executive directors.

Related party transactions (if any) are disclosed on page 48 of the Company's Annual Report.

The Annual Report was lodged with ASX on 30 August 2022 and is available on the company's announcements platform at the ASX website – www.asx.com.au (ASX code: FFF).

## 8.8 Broker Mandate

The Joint Lead Managers were appointed by the Company to act as joint lead managers to the Placement pursuant to a mandate agreement (**Broker Mandate**).

Pursuant to the Broker Mandate, the Joint Lead Managers will receive:

(a) an equity raising fee of 4% of the gross proceeds raised under the Capital Raising;

(b) a management fee of 2% of the gross proceeds raised under the Capital Raising;

(c) 10,000,000 Broker Options with an exercise price of $0.08 and expiring on 31 January 2025,

which will be split between the Joint Lead Managers equally,

The Joint Lead Managers will also receive a back-office fee of $10,000.

## 8.9 Interests of experts and advisers

Other than as set out in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

(b) promoter of the Company;

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offers; or

(c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(a) the formation or promotion of the Company; or

(b) the Offers.

BW Equities Pty Ltd and Viriathus Capital Pty Ltd acted as joint lead managers to the Placement. The Joint Lead Managers will be paid the fees set out in Section 8.8 for their services, together with the issue of the Broker Options (subject to shareholder approval).

Other advisers, including Mills Oakley as legal adviser and Automic Registry Services as share registry, are expected to receive total fees of approximately $108,235 (excluding GST and disbursements) in connection with services provided for the Capital Raising.

## 8.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares and Options), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriter, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Mills Oakley has given its written consent to being named in this Prospectus as the legal adviser to the Company in the form and manner in which it is named. Mills Oakley has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Automic Registry Services has given its written consent to being named in this Prospectus as the Registry in the form and manner in which it is named. Automic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of BW Equities Pty Ltd and Viriathus Capital Pty Ltd has given their written consent to being named in this Prospectus as joint lead managers to the Placement in the form and manner in which they are each named. Neither BW Equities Pty Ltd nor Viriathus Capital Pty Ltd has withdrawn their respective consent prior to the lodgement of this Prospectus with ASIC.

## 8.11 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately $256,451 (excluding GST), assuming full subscription under the Rights Issue and Shortfall Offer and approval of the tranche 2 Placement Shares at the EGM.

## 8.12 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Shares and Options.

## 8.13 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including Shares and Options issued under this Prospectus. If an investor is broker sponsored, APSL will send a CHESS statement.

The CHESS statement will set out the number of Shares and Options issued to an investor under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Registry and will contain the number of Shares and Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## 8.14 Governing law

This Prospectus, the Offers, and the contracts formed on acceptance of the Offers are governed by the laws in force in New South Wales.

Any dispute arising out of, or in connection with this Prospectus or the Offers will be determined by the courts of New South Wales. By accepting the Offers, you agree to submit to the non-exclusive jurisdiction of the courts in New South Wales.

## 8.15 Director's authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



**Anthony Rowlinson**
**Chairman**
**Forbidden Foods Limited**

# 9 Glossary

**$** means the lawful currency of the Commonwealth of Australia.

**Application Form** means:

(a) in respect of the Rights Issue, a Rights Issue Application Form;

(b) in respect of the offer of Placement Options, a Placement Options Application Form; and

(c) in respect of the Broker Offer, a Broker Offer Application Form,

each of which accompany this Prospectus with respect to the Offers to which it relates (including any electronic form provided by an online Application facility).

**Applicant** means a person who submits an Application Form.

**Application** means an application for Rights Issue Shares, together with attaching Rights Issue Options, Placement Options or Broker Options (as applicable), each of which is offered under this Prospectus.

**ASPL** means ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Automic Registry Services** means Automic Registry Services Pty Ltd, ACN 152 260 814 .

**Board** means the board of Directors unless the context indicates otherwise.

**Broker Mandate** has the meaning given to it in Section 8.8.

**Broker Offer** has the meaning given to it in Section 3.4.

**Broker Offer Application Form** means the broker offer application form accompanying this Prospectus sent to the Joint Lead Managers.

**Broker Options** has the meaning given to it in Section 3.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Capital Raising** means the Placement, the Rights Issue and the Shortfall Offer.

**CHESS** means the Clearing House Electronic Subregister System operated by ASPL.

**Closing Date** means the date specified in the timetable set out in Section 2.1 (unless extended or closed early).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001 (Cth).*

**COVID-19** has the meaning given to it in Section 7.

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Placement Options Applicants** has the meaning given to it in Section 1.

**Eligible Shareholders** are Shareholders specified in Section 3.5.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Rights Issue.

**Forbidden Foods** or **Company** means Forbidden Foods Limited ACN 616 507 334.

**Food and Beverage Industry** means food and beverage products sold to customers.

**Joint Lead Managers** has the meaning given to it in Section 1.

**Management** the executive management team of the Company.

**Offers** has the meaning given to it in the Important Notice.

**Official Quotation** means official quotation on ASX.

**Option** means the Rights Issue Options, Placement Options, Broker Options or an option to acquire a Share, as the context so requires.

**Placement** has the meaning given to it on the front page of this Prospectus.

**Placement Options** has the meaning given to it in Section 1.

**Placement Options Application Form** means the placement options application form accompanying this Prospectus a link to which will be sent to Eligible Placement Options Applicants**.**

**Placement Options Offer Price** has the meaning given to it in Section 3.2.

**Placement Shares** means the Shares to be issued under the Placement.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out in Section 2.1.

**Registry** means the share registry for the Company, being Automic Registry Services.

**Rights Issue** has the meaning given to it in Section 3.1.

**Rights Issue Application Form** the rights issue application form accompanying this Prospectus and made available to Eligible Shareholders**.**

**Rights Issue Option** has the meaning given to it in Section 3.1.

**Rights Issue Price** has the meaning given to it in Section 2.2.

**Rights Issue Share** has the meaning given to it in Section 3.

**Section** means a section of this Prospectus.

**Securities** mean Shares and/or Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall Offer** has the meaning given to it in Section 3.

**Shortfall Shares** has the meaning given to it in Section 3.

**US Securities Act** means the US Securities Act of 1933, as amended.

**VWAP** means volume weighted average price.

## Corporate Directory

| | |
|---|---|
| **Directors**<br>Anthony Rowlinson<br>*Non-executive Chairman*<br>Katie Eshuys<br>*Non-executive Director*<br>Justin O'Sullivan<br>*Non-executive Director*<br>Marcus Brown<br>*Chief Executive Officer and Managing Director*<br>Jarrod Milani<br>*Chief Operating Officer and Executive Director* | **Registered Office**<br>Level 12, 440 Collins Street<br>Melbourne, VIC 3000<br><br>***Shareholder Enquiries***<br>Contact Automic Registry Services<br>Telephone: 1300 288 664<br><br>Website: https://www.forbiddenfoods.com.au/<br><br>**Principal place of business**<br>Factory 13<br>277-289 Middleborough Road<br>Box Hill South<br>VIC 3128 |
| **Company Secretary**<br>Lucy Rowe | **Registry**<br>Automic Registry Services Pty Ltd<br>Level 5<br>126 Phillip Street<br>Sydney NSW 2000 |
| **Legal adviser**<br>Mills Oakley<br>Level 7<br>151 Clarence Street<br>Sydney NSW 2000 | **Forbidden Foods Offer Information Line**<br>Within Australia: 1300 288 664<br>Outside Australia: +61 2 9698 5414<br>Operating hours: 8.30am to 8.30pm (Sydney time), Monday to Friday during the offer period. |
| **ASX Code**<br>FFF | |