Forbidden Foods Limited ASX: FFF

ASX Announcement

31 August 2023

FY2023 Financial Results and Outlook

Highlights

- *Annual revenues of $3.73m, led by sales for the Company's leading range of Blue Dinosaur® products in Australia and the US*
- *Net loss after tax for the period of ($5.46m), including one-off non-cash goodwill impairment of ($1.54m)*
- *Board and management restructure, led by the appointment of leading FMCG executive Mr Alex Aleksic as CEO and Mr Jarrod Milani as Non-Executive Chairman*
- *Revision of company strategy completed following appointment of Mr Aleksic, designed to consolidate Forbidden Foods position in the US and Australia to increase revenue while reducing costs*
- *Redefined strategy and approach delivered in H2 FY23 – resulting in significant cost savings and targeted growth initiatives through established distribution channels in domestic and international markets*
- *Successful $1.03m share placement post balance-date, positioning the Company with balance sheet strength to execute on its near-term growth strategy*

Forbidden Foods Ltd (ASX: FFF) ("Forbidden Foods" or "the Company") is pleased to provide the following summary of its financial results for the 12-month period ended 30 June 2023 ("FY23"). FY23 marked a transformational period for the business which culminated in a revised strategy to consolidate its product offering and unlock further growth in the Australian and US markets in FY24.

Management commentary:

Forbidden Foods' Chief Executive Officer, Alex Aleksic said: *"FY23 marked a period of transition for the business, which resulted in the consolidation of its product offering and a well-defined growth strategy to unlock value for shareholders over the course of FY24 and beyond. My appointment as CEO coincided with the end of the period in June 2023, and since then I've led a strategic review of the business which resulted in a number of structural changes to how the business is run. Following that review, the new management team has enacted several initiatives to streamline operational costs, alongside a targeted growth strategy for the Company's leading range of Blue Dinosaur® products.*

"The review process included a stringent review of historical operating procedures, discussions with key stakeholders and the implementation of a number of new strategies to consolidate growth. It has also resulted in the decision to book a one-off goodwill impairment charge of $1.54m for the 2023 financial year. The write-down is in compliance with the relevant accounting standards and will have no impact on the Company's cash earnings."

"Heading into FY24, I am highly confident that Forbidden Foods now has the right operational structure and management team in place to capitalise on the unique opportunity for Blue Dinosaur® in Australia, along with significant upside potential in the US - the world's largest consumer market. As evidence of the strong investor

response to our strategic review and Company restructure, Forbidden Foods announced confirmation of a successful $1.03m share placement post balance-date, which was well supported by a network of sophisticated and institutional investors. With strong operational momentum observed in the new financial year to-date, the Company is well capitalised to execute on our near-term growth initiatives and we look forward to providing further updates in the coming months."

Summary of results:

Forbidden Foods generated revenue of $3.73m for the period, which was primarily underpinned by sales of the Company's Blue Dinosaur® products into the Australian retail sales channel. The Company continued to gain traction across Australia, securing ranging with a number of independent grocery outlets, as well as retail outlets strategically located in all Australian major airports.

Forbidden Foods remains in discussions with a number of national retail outlets and independent grocers to further increase its distribution footprint to drive sales growth and is confident of ongoing expansion during FY24. As well, the Company will continue to work with major retail groups to consistent ranging of core products and expansion across segment verticals.

Pleasingly, the Company also made strong operational progress across the US market, where it secured a major distribution partner, consolidated its manufacturing operations and achieved first sales to customers.

With manufacturing operations now established in the USA, the Company is actively progressing its strategy of converting its expansive distribution footprint into sales growth. Forbidden Foods has targeted product ranging for Blue Dinosaur® across a wide range of US retail outlets over the coming 12 months.

The total comprehensive loss for the period after providing for income tax amounted to $5,464,248 (2022: $3,676,468), including a one-off, non-cash goodwill impairment charge of $1.54m. At year-end, the new management team led by CEO Alex Aleksic conducted a strategic review of the business which included a stringent evaluation of the existing cost base. This process has been completed and led to a number of Board and senior management changes, targeted reductions in headcount to decrease staff costs, as well as the optimisation of internal processes to drive efficiencies. With these cost reduction protocols largely complete, Forbidden Foods anticipates a considerable decrease in operational expenditure during FY24.

Outlook and FY24 growth strategy:

Following a Board and management restructure, brand consolidation and a reshaped cost base, Forbidden Foods is well positioned to capitalise on near-term opportunities to broaden its global addressable market and capitalise on recent momentum for its flagship Blue Dinosaur® product range. The Company now has a defined strategy in place which will seek to accelerate sales of Blue Dinosaur® in Australia with key retail groups and other partners, while fast-tracking US sales growth and driving increased margins with its in-country manufacturing capacity across both markets. Management will also look to progress value accretive M&A opportunities within complementary categories as they arise.

During the first months of FY24, the Company has commenced delivery on its stated strategy, with ongoing sales momentum in its core target markets. Additional trading updates will be made as developments materialise in the coming months.

ENDS

This ASX announcement has been approved for release by the Board of Directors of Forbidden Foods Ltd.

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About Forbidden Foods Ltd

Forbidden Foods Ltd (ASX: FFF) is a health & wellness food company. The Company was established with a vision to provide engaging brands that provide the very best foods to meet consumer demand for clean, sustainable and healthy products. The core brand in the portfolio is Blue Dinosaur® which is sold in Australia & USA.