Forbidden Foods Limited ASX: FFF

ASX Announcement

27 September 2024

Completion of acquisition of Oat Milk Goodness

Highlights:

- *Completion of all-scrip deal to acquire leading non-dairy business, Oat Milk Goodness (OMG)*
- *Co-founded by Australian cricketer Steve Smith, OMG competes in the fast-growing oat milk sector with a unique product offering defined by its seed oil-free formula*
- *OMG has established distribution in Australia with major retailers and targeted international expansion opportunities into large markets including India*
- *Completion follows Extraordinary General Meeting (EGM) on 20 September 2024 where shareholders voted to approve transaction in accordance with ASX Listing Rules*
- *Transaction marks the first step in FFF's transition to a leading brand manager in the 'Better for You' FMCG segment – additional acquisitions actively being explored*
- *Key integrations between the businesses are well progressed, with an initial focus on streamlining logistics and supply chain management, along with back-office processes to generate cost savings*
- *The Company is also advancing its stated post-acquisition strategy to leverage the group's combined market footprint in sales & distribution to create a leading FMCG business with complementary product offerings*
- *Post announcement of proposed acquisition, OMG has achieved pleasing sales of over $364,000 between 1 July and 24 September which will be recognised as revenue for the combined entity*
- *Following completion of the transaction, the Company implemented several Board changes with Ms Katie Eshuys and Mr Marcus Brown resigning from their respective directorships*
- *Concurrently, the Company is pleased to announce the appointment of experienced investment advisor, Mr Daniel Rootes, to the Board as a Non-Executive Director*

Forbidden Foods Ltd (ASX: FFF) ("Forbidden Foods" or "the Company") is pleased to confirm that the Company has completed the acquisition of 100% of the issued capital of Good Oats Pty Ltd, which is trading under Oat Milk Goodness (OMG) (refer ASX announcement: 14 August 2024). The Company is also close to finalising all required integrations into its existing framework and is now focused on capitalising on recent sales momentum.

Completion follows the Company's Extraordinary General Meeting (EGM) on 20 September 2024, which was held to approve, among other things, the issue of Consideration Shares as well as the issue of securities under a Placement in connection with the Company's acquisition of 100% of the issued capital in leading plant-based non-dairy business Oat Milk Goodness (OMG).

Under the terms of the Share Purchase Agreement with OMG, Forbidden Foods agreed to acquire all the issued capital in OMG for a consideration of $3.42m, with settlement via the issue of 285m new fully paid ordinary shares

in Forbidden Foods at a deemed issue price of $0.012 (Consideration Shares) (*refer ASX Announcement 14 August 2024*). For the purposes of ASX Listing Rule 7.1, the transaction was subject to shareholder approval at an EGM.

The Company advises that all 12 resolutions put to members at the meeting were approved by shareholders, thus ratifying the transaction in accordance with ASX Listing Rules (*refer ASX Announcement 20 September 2024*).

OMG was established to develop a home-grown oat milk product that takes advantage of Australia's abundant supply of natural oats and is also free of industrial seed oils such as canola, rapeseed or sunflower oil which can cause inflammation. Since launching, OMG's core oat milk product has established strong traction among merchant customers in the café and barista industry. OMG has since broadened its product range to include flavoured milks and 'prOATein' options and has expanded distribution through ranging in Woolworths and Ampol Foodery outlets. Through its distribution channels, OMG is also ranged in leading independent and health food stores. The group is also actively pursuing international expansion opportunities with an initial focus on India, to leverage Steve Smith's profile in the Indian market and take advantage of increased demand for health products among Indian consumers.

Recent sales and integration momentum:

Since the proposed transaction was announced, the Company has worked diligently to implement streamlined logistics and supply chain management practices to drive economies of scale from the merged entity. The parties have also prioritised the identification of simple cost saving initiatives, including a reduction in overall headcount and through shared back-office processes which are expected to contribute to overall group margins.

The Company has also advanced its strategy to leverage the respective sales and distribution footprints of both Forbidden Foods and OMG to build out an expanded, multi-channel distribution presence through major retailers in both Australian and international markets. Through this process, the Company has identified opportunities to expand distribution for its complementary product offering in healthy snack foods and drink products and expects to provide further updates in the near-term.

OMG has also delivered pleasing sales, which will now be recognised under the combined entity, specifically OMG has generated pleasing sales during the last quarter, which currently total ~$364,000 for the period of 1 July 2024 and 24 September 2024. This will be recognised as revenue in the combined entity and provides management with considerable confidence in sales growth over the coming months and beyond.

Board and Management reorganisation:

Following completion of the transaction, the Company has implemented a number of changes to its Board of Directors, this includes the appointment of Mr Daniel Rootes as a Non-Executive Director. Mr Rootes is a co-founder of OMG. As an experienced investment advisor with JP Equity Partners, Mr Rootes also brings an informed strategic perspective which leverages his experience and extensive networks in equity capital markets. The Directors look forward to working with Mr Rootes at Board level to guide the strategic direction of the Company post-acquisition.

Concurrently, Ms Katie Eshuys and Mr Marcus Brown have resigned from their respective directorships. Mr Brown's resignation is effective from the date of this announcement and will retain his position as Chief Executive Officer – US operations on a part time basis. To ensure a proper handover is complete, Ms Eshuys will officially step down on 31 October 2024. The Company would like to thank Ms Eshuys and Mr Brown for their contribution to the business and wishes them every success in their future endeavours.

Management Commentary:

Forbidden Foods' Chief Executive Officer, Alex Aleksic said: "*We are pleased to confirm the results of the Extraordinary General Meeting, where all resolutions were unanimously passed with the full support of the shareholder base. I'd also like to welcome Daniel to the Board, and acknowledge the contribution of our outgoing Directors. Post-acquisition, the Board and management team are firmly of the view that we have a unique opportunity to build Forbidden Foods into a significant FMCG business, with growth opportunities in both domestic and international markets. We look forward to providing more updates in the months ahead as we execute on our stated development strategy.*"

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

ENDS

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About Forbidden Foods Ltd

Forbidden Foods Ltd (ASX: FFF) is a health & wellness company which manufactures category-leading products in the healthy snack food and plant-based beverage sectors. 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 food brand in the portfolio is Blue Dinosaur®, which is currently sold in Australia & USA. Alongside the Blue Dinosaur® range, the Company also sells and distributes OMG (Oat Milk Goodness) plant-based, dairy-free beverage products, comprising a core oat milk range alongside flavoured milks and 'prOATein' options.