
Forbidden Foods Limited
ACN 616 507 334

Notice of Annual General Meeting
Explanatory Memorandum

Date of Meeting
Thursday 26 November 2020

Time of Meeting
10.00am (Melbourne time)

Place of Meeting
Forbidden Foods Limited
13/277-289 Middleborough Road
Box Hill South, VIC 3128

and

via live webcast

LETTER FROM THE CHAIRMAN

Dear Shareholder

I am pleased to invite you to attend the inaugural Annual General Meeting of Forbidden Foods Limited ("Forbidden Foods" or the "Company"). I enclose the Notice of Meeting, which sets out the items of business, and the Explanatory Memorandum, which explains each of the Resolutions to be considered at the Annual General Meeting.

The meeting will be held at 10.00am (Melbourne time) on Thursday 26 November 2020.

The AGM will be convened primarily at the offices of Forbidden Foods Limited, however, while the Board would like to host all Shareholders in person, in compliance with current Victorian restrictions and in order to minimise the risk to Shareholders and to Forbidden Foods and its ongoing operations, the Board requests that Shareholders **do not** attend the Annual General Meeting in person.

Instead, Forbidden Foods will facilitate Shareholder participation in the Meeting through a live webcast. If you wish to attend the Meeting via video or teleconference, please pre-register via the following URL:

https://us02web.zoom.us/webinar/register/WN_LR9uLD84SBaalswx8z7ag

Under Rule 6.3(d) of the Company's Constitution, Shareholders attending the hybrid Annual General Meeting will be able to hear and view the Annual General Meeting on their own devices, vote on resolutions and ask questions and will be treated as if they were present at the physical location of the Annual General Meeting.

The Board considers the Annual General Meeting to be an important event on our calendar and we look forward to the opportunity to update you on Forbidden Foods and answer any questions you may have.

If you have questions in relation to the upcoming Annual General Meeting or the hybrid Annual General Meeting arrangements, please contact Adam Soffer, Company Secretary, by email to adam.soffer@forbiddenfoods.com.au.

In case you are not able to attend the Meeting to vote in person or have difficulties using the hybrid Annual General Meeting facilities, the Board encourages you to complete the enclosed Proxy Form and return it by mail or fax in accordance with the instructions provided as soon as possible. Alternatively, you can lodge your votes online via the share registry's website at <https://investor.automic.com.au/#/loginsah>. As Chairman, I intend to vote all proxies without voting instructions that are exercisable by me in favour of each Resolution.

I look forward to welcoming you to the Annual General Meeting.

Yours faithfully



Mark Hardgrave

Chair

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of the Shareholders of Forbidden Foods Limited ACN 616 507 334 (**Forbidden Foods** or the **Company**) will be held at:

Time: 10.00am (Melbourne time)
Date: Thursday 26 November 2020
Place: Forbidden Foods Limited, 13/277-289 Middleborough Road, Box Hill, VIC 3128

For the reasons set out in the Chairman's Letter, the Company requests that Shareholders **do not** attend the Annual General Meeting in person.

Instead, the Company intends to host a hybrid Annual General Meeting to enable Shareholders to attend via video or teleconference. Shareholders are only permitted to attend via video or teleconference, rather than attending in person.

If you wish to attend the Meeting online, please pre-register via the following URL:

https://us02web.zoom.us/webinar/register/WN_LR9uLD84SBaalswx8z7ag

Under Rule 6.3(d) of the Company's Constitution, Shareholders attending the hybrid Annual General Meeting will be able to hear and view the Annual General Meeting on their own devices, vote on resolutions and ask questions and will be treated as if they were present at the physical location of the Annual General Meeting.

The business to be considered at the Annual General Meeting is set out below. This Notice of Meeting should be read in its entirety in conjunction with the accompanying Explanatory Memorandum, which contains information in relation to the Resolutions. If you are in any doubt as to how you should vote on the Resolutions, you should consult your financial or other professional adviser. Capitalised terms used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary and throughout this Notice of Meeting and Explanatory Memorandum.

BUSINESS OF THE MEETING

Financial Statements and Report

To receive and consider the financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2020.

Resolution 1 – Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

'That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report as set out in the Company's annual report for the financial year ended 30 June 2020 be adopted.'

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion applies to this resolution (see item 2 of the notes related to voting below).

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.

Resolution 2 – Re-election of Mr Jarrod Milani as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

'That Mr Jarrod Milani, being a Director who retires by rotation in accordance with Rule 7.1(f) of the Constitution and Listing Rule 14.4, and being eligible for re-election, be re-elected as a Director of Forbidden Foods Limited.'

The Directors (with Mr Milani abstaining) unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 – Approval of issue of Incentive Options to Mr Jarrod Milani

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

'That the issue of 1,500,000 Incentive Options to Mr Jarrod Milani (or nominee), details of which are set out in the Explanatory Memorandum, is approved under and for the purpose of Listing Rule 10.14 and for all other purposes.'

Note: A voting exclusion applies to this resolution (see item 2 of the notes related to voting below).

The Directors (with Mr Milani abstaining) unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 4 – Approval of issue of Incentive Options to Mr Marcus Brown

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

'That the issue of 1,500,000 Incentive Options to Mr Marcus Brown (or nominee), details of which are set out in the Explanatory Memorandum, is approved under and for the purpose of Listing Rule 10.14 and for all other purposes.'

Note: A voting exclusion applies to this resolution (see item 2 of the notes related to voting below).

The Directors (with Mr Brown abstaining) unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 5 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

'That the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A.'

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

Other Business

To consider any other business which may be properly and lawfully brought before the Annual General Meeting in accordance with the Company's Constitution and the Corporations Act.

For further details regarding each Resolution, Shareholders are referred to the notes to voting and Explanatory Memorandum that accompany, and form part of, this Notice of Meeting.

Dated 27 October 2020

By order of the Board of Directors

A handwritten signature in black ink, appearing to be 'AS' or similar, with a stylized, cursive flourish.

Adam Soffer
Company Secretary

Notes related to voting

1 Entitlement to vote and how to vote

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (Melbourne time) on Tuesday, 24 November 2020.

You may vote by attending the Meeting via video or teleconference, by proxy or duly authorised representative.

The meeting will be held at 10.00am (Melbourne time) on Thursday 26 November 2020. The AGM will be convened at the offices of Forbidden Foods Limited, 13/277-289 Middleborough Road, Box Hill, VIC 3128.

For the reasons set out in the Chairman's Letter, the Company requests that Shareholders do not attend the Annual General Meeting in person.

Instead, the Company intends to host a hybrid Annual General Meeting to enable Shareholders to attend via video or teleconference. Shareholders are strongly encouraged to attend via video or teleconference, rather than attending in person. If you wish to attend the Meeting by video or teleconference, please pre-register via the following URL:

https://us02web.zoom.us/webinar/register/WN_LR9uLD84SBaalswkx8z7ag

Under Rule 6.3(d) of the Company's Constitution, Shareholders attending the hybrid Annual General Meeting will be able to hear and view the Annual General Meeting on their own devices, vote on resolutions and ask questions and will be treated as if they were present at the physical location of the Annual General Meeting.

You may also lodge your vote online in advance of the AGM by visiting <https://investor.automic.com.au/#/loginsah>. Alternatively, you may submit your proxy form by mail, fax or delivery to the share registry.

2 Voting exclusions

Resolutions 1, 3 and 4

In accordance with sections 250BD and 250R of the Corporations Act, a vote on:

- Resolution 1 must not be cast in any capacity; and
- Resolutions 3 and 4 must not be cast in the capacity as a proxy,

by or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on these resolutions if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; or
- (d) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and

- (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

Resolutions 3 and 4

The Company will disregard any votes cast in favour of each of Resolutions 3 and 4 by the Directors, and any of their Associates (and their nominees), who are eligible to participate in the employee option acquisition plan, and any other person who will obtain a material benefit as a result of the issue of securities in accordance with the resolutions, unless the vote is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolutions, in accordance with the directions given to the proxy or attorney to vote on the resolutions in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolutions, in accordance with the direction given to the Chair to vote as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolutions, and the holder votes on the resolutions in accordance with the directions given by the beneficiary to the holder to vote in that way.

3 Voting by proxy

Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder. The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting, so that it is received by no later than 10.00am (Melbourne time) on Tuesday 24 November 2020 at:

Online	https://investor.automic.com.au/#/loginsah
By mail:	Forbidden Foods Limited c/- Automic Pty Ltd GPO Box 5193 Sydney NSW 2011
By facsimile	+61 2 8583 3040
By hand:	Automic Pty Ltd Level 5, 126 Phillip Street, Sydney, NSW, 2000

Appointing a body corporate as proxy

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Meeting.

Your Proxy Form is enclosed

The Proxy Form is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, please complete the enclosed proxy form and return it in accordance with the instructions set out on the Proxy Form.

Chairman's intention regarding undirected proxies

The Chairman intends to vote all proxies without voting instructions that are exercisable by the Chairman of the Meeting in favour of each Resolution.

4 Corporate representatives and attorneys

A body corporate that is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Meeting. The appointment must comply with section 250D of the Corporations Act and the representative should be provided with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that corporate Shareholder's or proxy's representative.

The representative should send evidence of his or her appointment to the Company (address above) in advance of the Meeting (including any authority under which it has been signed).

Any Shareholder entitled to attend and vote at the Meeting may appoint an attorney to act on its behalf at the Meeting. An attorney may, but need not be a member of the Company. Any attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed (or a certified copy) are received by the Company in the same manner, and by the same time, as outlined for Proxy Forms.

5 Questions for the Auditor

Shareholders may submit written questions to the Company's Auditor, PKF, if the question is relevant to the content of PKF's auditors report for the year ended 30 June 2020 or the conduct of its audit of the Company's financial report for the year ended 30 June 2020.

Relevant written questions for the Auditor must be received by the Company by no later than 5.00pm (Melbourne time), Thursday 12 November 2020. Please send any written questions to:

Company Secretary, Adam Soffer c/- adam.soffer@forbiddenfoods.com.au.

Explanatory Memorandum

This Explanatory Memorandum has been prepared to help Shareholders understand the items of business at the forthcoming Annual General Meeting.

1 Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the Auditor's report and the financial report for the Company for the year end 30 June 2020 be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders at the Meeting on the reports or statements. However, Shareholders will be given a reasonable opportunity to raise questions with respect to these reports at the Meeting.

In accordance with the Corporations Act, the Company is not required to provide a hard copy of the Company's annual report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Shareholders may view the Company's annual report on the Company's website at <http://www.forbiddenfoodsgroup.com/> or may request a copy from the Company at any time.

A reasonable opportunity will be given to Shareholders at the Meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the Auditor.

2 Resolution 1 – Adoption of Remuneration Report

Under sections 249L and 250R of the Corporations Act, public companies are required to meet disclosure requirements in respect of Director and executive remuneration, and to include a Remuneration Report in the Directors' report to Shareholders.

The Remuneration Report for the 12 months ended 30 June 2020 commences on page 6 of the 2020 annual report.

The vote on Resolution 1 is advisory only and will not be binding on the Board or the Company.

Notwithstanding the non-binding nature of the vote, the Board will take note of the outcome of the vote when considering future remuneration matters.

Under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are against the adoption of the relevant remuneration report at two consecutive annual general meetings (with a 25% or more vote 'against' commonly referred to as a "first strike" or "second strike"), the Company will be required to put to Shareholders a resolution at the later of those annual general meetings proposing that an extraordinary general meeting (**Spill Meeting**) be called to consider the election of directors of the company (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the second annual general meeting. For a Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

This being the Company's first Annual General Meeting, no "first strike" has been recorded in respect of the Remuneration Report. Accordingly, a Spill Resolution is not relevant for this Meeting.

Recommendation

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to Resolution 1.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

3 Resolutions 2 – Re-Election of Jarrod Milani as a Director

Mr Jarrod Milani was appointed as a Director of the Company in 2016, prior to the Company listing on the ASX in August 2020.

3.1 Constitution and ASX Listing Rule 14.4

Rule 7.1(f) of the Company's Constitution and Listing Rule 14.4 provide that a Director must not hold office without re-election past the third annual general meeting following the Director's appointment or 3 years, whichever is longer. Listing Rule 14.4 applies such that a Director appointed prior to the Company's initial public offering and admission to ASX must not hold office (with-out re-election) past the third annual general meeting following admission or 3 years, whichever is longer.

Jarrod Milani is the longest serving Director of the Company, other than the CEO and accordingly Mr Milani retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election as a Director.

3.2 Biography of Mr Jarrod Milani, B.Bus (Marketing), GAICD

Jarrod co-founded Forbidden Foods with Marcus Brown in 2010.

Prior to co-founding Forbidden Foods with Marcus Brown in 2010, Jarrod worked at Coles in various marketing-related roles including trade planning, growth projects and supplier engagement. Jarrod's experience has given him the ability to manage ongoing relationships with suppliers, customers and manufacturers in order to help the Company meet its strategic objectives. He has played a vital role in the development of the Forbidden Foods brand proposition, strategy and product range.

3.3 Recommendation

The Directors (with Mr Milani abstaining) unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

4 Resolutions 3 and 4 – Approval of issue of Incentive Options to Jarrod Milani and Marcus Brown

4.1 Background

As part of the financial year 2020 remuneration review an offer of 1,500,000 unlisted share options (**Incentive Options**) was made to each of Jarrod Milani and Marcus Brown (i.e. 3,000,000 Incentive Options in total) as a tool to both incentivise and retain. The offer was made subject to Shareholder approval.

The Company proposes to issue the Incentive Options to Mr Milani and Mr Brown (or their respective nominees) under the Forbidden Foods Equity Incentive Plan on the terms and conditions set out in Schedule 2.

The Incentive Options are exercisable at \$0.40 each after the 2 year anniversary from their date of issue up to their expiry on the third anniversary from their date of issue.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive share scheme:

- (a) a director of the company (Listing Rule 10.14.1);
- (b) an associate of a director of the company (Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by shareholders,

unless it obtains approval of its shareholders.

The issue of the Incentive Options falls within Listing Rule 10.14.1 above and therefore requires the approval of Shareholders under Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to proceed with the issue of 1,500,000 Incentive Options to Mr Milani.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of Incentive Options to Mr Milani.

If Resolution 4 is passed, the Company will be able to proceed with the issue of 1,500,000 Incentive Options to Mr Brown.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of Incentive Options to Mr Brown.

Under Chapter 2E of the Corporations Act, for a public company to give a financial benefit to a related party of the public company, the public company must:

(d) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(e) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

It is the view of the Directors (other than Mr Milani and Mr Brown) that the exception set out in section 211(1) of the Corporations Act (allowing the giving of a financial benefit that is reasonable remuneration) applies in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Incentive Options to Mr Milani and Mr Brown under Listing Rule 10.14 as contemplated by Resolutions 3 and 4, but not under Chapter 2E of the Corporations Act.

4.2 Further details of Incentive Options

The Incentive Options offered have a three-year term from the date of issue. The exercise price of \$0.40 per Incentive Option is a 27% premium to the closing price on Monday, 19 October 2020 (\$0.315). The Incentive Options are unvested on issue with 50% vesting on the first anniversary of the date of issue of the Incentive Options and the remaining 50% vesting on the second anniversary of the date of issue of the Incentive Options (subject to the satisfaction of KPIs to be determined by the Board at the time of vesting).

The Company considers that this grant of Incentive Options allows the Company to maintain cash reserves for its operations whilst rewarding Mr Milani and Mr Brown for their commitment, achievements and ongoing contribution to the Company.

If the Incentive Options granted to Mr Milani and Mr Brown are exercised for cash, a total of 3,000,000 Shares would be allotted and issued for total consideration received by the Company of \$1,200,000. This would increase the number of Shares on issue from 75,000,999 to 78,000,999 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 4%.

4.3 Information provided in accordance with Listing Rule 10.15

For the purpose of Resolutions 3 and 4, the following information provided in relation to the proposed issue of Incentive Options in accordance with Listing Rule 10.15:

(a) The related parties are Mr Jarrod Milani (or nominee) and Mr Marcus Brown (or nominee) and they are related parties by virtue of being Directors, which falls within Listing Rule 10.14.1.

(b) The number of Incentive Options (being the nature of the financial benefit being provided) to be allocated:

(i) to Mr Milani (or his nominee) in accordance with Resolution 3 is 1,500,000 Incentive Options.

- (ii) to Mr Brown (or his nominee) in accordance with Resolution 4 is 1,500,000 Incentive Options.
- (c) The Incentive Options will be issued for nil cash consideration and accordingly no funds will be raised by the issue of the Incentive Options. The exercise price of each of the Incentive Options is \$0.40.
- (d) Mr Milani's current total remuneration package for the current financial year (ending 30 June 2021) consists of the following:
 - (i) Base salary: \$175,000 inclusive of superannuation which is paid at Government determined levels.
 - (ii) Short Term Incentives: Eligible to receive an annual STI of up to 40% of base salary. Payment and treatment of any STI is at the discretion of the Board.
 - (iii) Long Term Incentives: Eligible to participate in the Forbidden Foods Equity Incentive Plan at the discretion of the Board. Any issue of securities is subject to Shareholder approval.
- (e) Mr Brown's current total remuneration package for the current financial year (ending 30 June 2021) consists of the following:
 - (i) Base salary: \$175,000 inclusive of superannuation which is paid at Government determined levels.
 - (ii) Short Term Incentives: Eligible to receive an annual STI of up to 40% of base salary. Payment and treatment of any STI is at the discretion of the Board.
 - (iii) Long Term Incentives: Eligible to participate in the Forbidden Foods Equity Incentive Plan at the discretion of the Board. Any issue of securities is subject to Shareholder approval.
- (f) No other Directors have previously received securities under the Forbidden Foods Equity Incentive Plan.
- (g) The people referred to in Listing Rule 10.14 who are eligible to participate in the Forbidden Foods Equity Incentive Plan are all of the Directors. However, at present, Shareholder approval is only sought in relation to the issue of the Incentive Options to Mr Milani and Mr Brown under the Forbidden Foods Equity Incentive Plan as described in this Notice. Shareholder approval will be sought prior to the issue of any other securities to Directors under the Forbidden Foods Equity Incentive Plan.
- (h) A summary of the key terms and conditions of the Forbidden Foods Equity Incentive Plan is set out in Schedule 1.
- (i) A voting exclusion statement in relation to Resolutions 3 and 4 is included in the Notice.
- (j) There is no loan associated with the grant of the Incentive Options.
- (k) The Incentive Options will be granted to Mr Milani and Mr Brown no later than 1 month after the date of the Annual General Meeting and it is anticipated the Incentive Options will be allocated on one date.
- (l) Shares issued on exercise of the Incentive Options will rank equally with fully paid ordinary Shares.
- (m) The Incentive Options will be issued on the terms set out in Schedule 2.
- (n) Details of any securities issued under the Forbidden Foods Equity Incentive Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (o) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Forbidden Foods Equity Incentive Plan after the

Resolution is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.

4.4 Recommendation

The Directors (with Mr Milani abstaining) unanimously recommend that Shareholders vote in favour of Resolution 3.

The Directors (with Mr Brown abstaining) unanimously recommend that Shareholders vote in favour of Resolution 4.

The Board is not aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 4.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 3 and 4.

5 Resolution 5 – Approval of 10% Placement Facility

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility to provide the Company with additional flexibility to issue Equity Securities in appropriate circumstances. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described further below).

5.1 ASX Listing Rule 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% for the 12 months following that meeting.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without further Shareholder approval (**10% Placement Facility**).

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

5.2 Further requirements of ASX Listing Rule 7.1A

10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained (which, in the case of Resolution 5 will be 26 November 2021);
- the time and date of the Company's 2021 annual general meeting; or

- the date of the approval by holders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX,

(“**10% Placement Period**”).

Class of Equity Securities issued under ASX Listing Rule 7.1A

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of this Notice of Meeting, has only one quoted class of Equity Security, being Shares.

Issue price of Equity Securities issued under ASX Listing Rule 7.1A3

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 10 Trading Days of the date in the paragraph above, the date on which the Equity Securities are issued,

(the “**Minimum Price**”).

ASX Listing Rule 7.1A.4

ASX Listing Rule 7.1A.4 requires the Company to give to ASX the information required by ASX Listing Rule 3.10.5A when it issues Equity Securities under ASX Listing Rule 7.1A.

Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A = The number of fully paid ordinary shares on issue at the commencement of the 12 months immediately preceding the date of issue or agreement to issue (the relevant period):
- plus the number of fully paid ordinary securities issued in the relevant period under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;
 - plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue the convertible securities was approved, or taken under the Listing Rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
 - plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
 - plus the number of fully paid ordinary securities issued in the relevant period with shareholder approval under Listing Rule 7.1 and 7.4. This does not

include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

- plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D = 10%

E = the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4.

5.3 Specific information required by ASX Listing Rule 7.3A

Pursuant to ASX Listing Rule 7.3A, the following information is provided in relation to Resolution 5:

Placement Period

If Shareholder approval is granted for Resolution 5, that approval will expire at the end of the 10% Placement Period.

The approval under ASX Listing Rule 7.1A will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 or ASX Listing Rule 11.2.

Minimum Price

The Equity Securities will be issued at an issue price of not less than the Minimum Price.

Purpose

The Company may seek to issue the Equity Securities for cash consideration, in order to raise funds for the acquisition of new assets or investments (including expenses associated with such acquisitions), to expedite development of the Company's business and for general working capital.

Dilution

Shareholders should be aware that there is a risk of economic and voting dilution that may result from an issue of Equity Securities under the 10% Placement Facility, including the risk that:

- the market price for Equity Securities in that class may be significantly lower on the issue date than on the date of the meeting where approval is sought (i.e. the date of this Meeting); and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2 on the basis of the market price of Shares (as at close of trade on Monday, 19 October 2020 ("**Issue Price**")) and the current number of Shares on issue as at the date of this Notice of Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Number of Shares on issue: Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		15.75 cents 50% decrease in Issue Price	31.5 cents Issue Price	63 cents 100% increase in Issue Price
Current Variable A 75,000,999	10% voting dilution (shares)	7,500,099	7,500,099	7,500,099
	Funds raised	\$1,181,265.59	\$2,362,531.19	\$4,725,062.37
50% increase in current Variable A 112,501,499	10% voting dilution (shares)	11,250,149	11,250,149	11,250,149
	Funds raised	\$1,771,898.47	\$3,543,796.94	\$7,087,593.87
100% increase in current Variable A 150,001,998	10% voting dilution (shares)	15,000,199	15,000,199	15,000,199
	Funds raised	\$2,362,531.19	\$4,725,062.37	\$9,450,125.37

The table also shows two examples of where:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue as at the date of this Notice of Meeting. The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval, for example, a pro rata entitlement offer or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the Issue Price.

The table above has been prepared on the following additional assumptions:

- the Company issues the maximum number of Shares available under the 10% Placement Facility; and
- the table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.

Allocation

The allottees of the Equity Securities to be issued under the 10% Placement Facility have not yet been determined. However the allottees could consist of current Shareholders or new investors (or both).

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a range of factors including:

- the purpose of the issue;
- the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company, including the financial situation and solvency of the Company;
- prevailing market conditions; and

- advice from corporate, financial and broking advisers (if applicable).

Prior approval

The Company has not previously sought Shareholder approval under ASX Listing Rule 7.1A.

Voting exclusion statement

As at the date of this Notice of Meeting, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A2. Accordingly, there is no exclusion statement in respect of Resolution 5.

5.4 Recommendation

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders at the Meeting (whether voting online, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

Glossary

In the Notice of Meeting and this Explanatory Memorandum the following defined terms have the following meanings:

10% Placement Facility has the meaning given to that term in Section 5.1 of this Explanatory Memorandum.

10% Placement Period has the meaning given to that term in Section 5.2 of this Explanatory Memorandum.

Annual General Meeting or **Meeting** means the annual general meeting of Shareholders convened by this Notice of Meeting.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in the ASX Listing Rules.

ASX means ASX Limited or the securities exchange market operated by it, as the context requires.

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

Board means the board of Directors of the Company.

Chair or **Chairman** means the chairman of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or a member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

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

Constitution means the Company's constitution.

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

Director means a director of the Company.

Minimum Price has the meaning given to that term in Section 5.2 of this Explanatory Memorandum.

Notice of Meeting or **Notice** means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

Resolution means a resolution contained in the Notice of Meeting.

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

Shareholder means a holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.

VWAP means volume weighted average market price.

Schedule 1 – Summary of terms of Forbidden Foods Equity Incentive Plan

The key terms of the Forbidden Foods Equity Incentive Plan are as follows:

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees of the Company (including the Executive Directors) and any other person that the Board determines to be eligible to receive a grant under the Plan.
Types of securities	<p>The Plan Rules provide flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers:</p> <ul style="list-style-type: none">• performance rights, which are an entitlement to receive Shares upon satisfaction of applicable conditions;• options, which are an entitlement to receive Shares upon satisfaction of applicable conditions and payment of the applicable exercise price; and• restricted shares, which are Shares that are subject to dealing restrictions, vesting conditions or other restrictions or conditions.
Offers under the Plan	<p>The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer performance rights, options and restricted shares in individual offer documents.</p> <p>Offers must be accepted by the employee and can be made on an opt-in or opt-out basis.</p>
Plan limit	Where an offer is made in reliance on ASIC Class Order 14/1000, the total number of Shares issued (or in the case of performance rights and options, the total number of Shares which would be issued if those performance rights or options were exercised) must not exceed 5% of the total number of Shares on issue.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a performance right, option or restricted share under the Plan.
Vesting	<p>Vesting of performance rights, options and restricted shares under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document.</p> <p>Options must be exercised by the employee and the employee is required to pay the exercise price before Shares are allocated.</p> <p>Subject to the Plan Rules and the terms of the specific offer document, any performance rights, options or restricted shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.</p>
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad "clawback" powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.

Term	Description
Change of control	The Board may determine that all or a specified number of a participant's performance rights, options or restricted shares will vest or cease to be subject to restrictions on a change of control event in accordance with the Plan Rules.
Reconstructions and corporate actions	The Plan Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealing	Prior to vesting, the Plan Rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, participants will be free to deal with their incentives, subject to the Securities Dealing Policy.
Other terms	The Plan contains customary and usual terms of dealing with administration, variation, suspension and termination of the Plan.

Schedule 2 – Summary of terms of the Incentive Options

The Incentive Options (the “**Options**”) to be issued entitle the holder to subscribe for fully paid ordinary shares in the Company (“**Shares**”) on the following terms and conditions.

- (a) The Options are exercisable at a price of \$0.40 each (“**Exercise Price**”) at any time from the second anniversary of the date of issue of the Options up to the expiry of the Options on the third anniversary of the date of issue of the Options (“**Option Exercise Period**”), but not thereafter.
- (b) Each Option entitles the holder to subscribe for one Share.
- (c) The Company must give each Option holder a certificate or statement stating:
 - (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Expiry Period.
- (d) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the *Corporations Act 2001* (Cth).
- (e) The Options are not transferable, except with the Company’s prior consent.
- (f) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options rank equally with other issued Shares from the date they are issued by the Company.
- (g) An Option holder is not entitled to participate in any new issue of securities to existing Shareholders unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (h) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (i) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option may be reduced in accordance with the Listing Rules.
- (j) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (k) Any calculations or adjustments which are required to be made under the Option terms of issue will be made by the board of directors of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (l) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (i) to (k) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of an Option.

- (m) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options form (to be obtained from the Company or its share registry), and effect payment of the Exercise Price by:
- (i) paying to the Company, in immediately available funds, an amount equal to the Exercise Price multiplied by the number of Options being exercised; or
 - (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:

$$(A-B) * \frac{X}{A}$$

Where:

- **A** equals the closing price of Shares on ASX on the trading day immediately preceding the date of delivery of the Notice of Exercise of Options form; and
 - **B** equals the Exercise Price; and
 - **X** equals the number of Shares issuable on exercise of the Option, assuming the Option was exercised for cash.
- (n) The Options are exercisable on any Business Day during the Option Exercise Period. An Option holder may only exercise Options in multiples of 250,000, unless the Option holder exercises all of its Options.
- (o) If an Option holder exercises less than the total number of its Options, the Company must cancel the Option certificate (if any) and issue the Option holder a new certificate or holding statement for the remaining number of Options held by the Option holder.
- (p) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraphs (n) and (o) and, if applicable, cleared funds are received by the Company. The Company shall within 10 days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.
- (q) If applicable, the Company will apply to ASX for official quotation of the Shares issued on exercise of the Options.
- (r) The Company will advise holders at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
- (s) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.
-

Proxy Voting Form

If you are attending the virtual Meeting
please retain this Proxy Voting Form
for online Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **10.00am (Melbourne time) on Tuesday, 24 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies will default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the operation of the AMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
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Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

