

Forbidden Foods Limited ASX: FFF

ASX Announcement

2 July 2021

Chinese Cross-Border eCommerce Distribution Agreement with Winhealth Pharma

Highlights

- *Forbidden Foods has signed an exclusive cross-border e-commerce (CBEC) distribution agreement with Hangzhou and Hong Kong based Winhealth Pharma to distribute its FUNCH® brand on China's second largest cross-border e-commerce platform, Kaola, and China's largest online retailer, JD.com.*
- *Winhealth Pharma has placed its first purchase order under the agreement in excess of \$90,000 for the FUNCH® range of baby foods for immediate export.*
- *The exclusive agreement targets minimum sales of \$3.215 million over an initial two-year term, with Winhealth Pharma purchasing, storing, distributing, and marketing the FUNCH® range on Kaola and JD.com.*
- *Following this agreement, the FUNCH® range of baby foods will now be accessible on T-mall Global, Kaola, JD Global and Little Red Book. These four e-commerce platforms capture 62.2% of the cross-border e-commerce sales in China.*

Forbidden Foods Ltd (ASX: FFF) ("Forbidden Foods" or "the Company"), is pleased to announce that it has entered into an exclusive distribution agreement with Hangzhou and Hong Kong based Winhealth Pharma ("Winhealth") to distribute its infant & toddler, health and nutrition brand *FUNCH®* on Kaola and JD.com.

Winhealth is a China-focused portfolio and commercialization platform aiming to satisfy unmet nutritional needs in China. The company has a strong track record working with multinationals including Pfizer, Roche and fast-growing brands like Rokit Healthcare. Winhealth has over 800 in-house sales team members covering more than 300 cities and prides itself on the relationships it has with major platforms like Kaola and JD.com.

Winhealth has placed its first purchase order for over \$90,000 of *FUNCH®* products which will be shipped to China, confirming the growing consumer demand for nutritious and natural baby food in the region. The targeted sales over the term of this two-year agreement are \$1.055 million in year one and \$2.16 million in year two. The targeted sales must be met or exceeded to maintain exclusivity in these channels.

Forbidden Foods Co-founder and Chief Operating Officer, Jarrod Milani said: *"We are excited to announce a new strategic partnership with Winhealth Pharma for Kaola and JD.com. Winhealth have strong capabilities and a great track record working with a reputable list of health & pharmaceutical multinationals in Asian markets. They have mapped out a clear path for reaching the sales target in this exclusive distribution agreement which gives us confidence in their ability to exclusively represent FUNCH® on these platforms."*

“Growth in China forms a key part of Forbidden Food’s overall strategy, and whilst there are some current macro challenges, the current and longer-term commercial opportunities for our business remain compelling. Setting ourselves up for a sustainable business in China starts with our strong partnerships and networks which we are developing and supporting.

“Our marketing and sales efforts on our flagship FUNCH® T-mall global store continue to serve us well with a large number of incoming enquiries from parties wanting to represent and distribute FUNCH online and offline. Expanding onto other leading platforms such as those announced today will only further enhance FUNCH®’s credibility in Asia and allow us to grow our e-commerce revenue.”

About Kaola

Kaola, which was acquired by Alibaba in 2019, targets meeting the demand for high-quality, branded products from international brands to China’s burgeoning middle class. Kaola is the 2nd largest cross-border e-commerce platform in China and provides a strong offering in beauty, personal care, and mothers and babies products.

About JD.com

JD.com is China’s largest online retailer and its biggest overall retailer, promising only the highest quality, genuine products reach JD.com’s customers. With net revenues of US\$114.3 billion in 2020, JD.com boasts 471 million annual active customers being serviced from over 900 warehouses.

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 multi-brand premium food, beverage and ingredients company focusing on the infant, toddler, health and plant-based markets. The Company was established in 2010 with a vision to provide the very best foods to meet growing consumer demand for clean, sustainable plant-based and health-oriented products. The business sells products via its two key brands – Sensory Mill and FUNCH® – direct to consumer, retailers and food service companies, fulfilled through its distribution partners and via e-commerce across its diverse national and international sales channels.

About Hong Kong Winhealth Pharma Group (Winhealth)

Headquartered in Hangzhou and Hong Kong with its operational centres in Hangzhou and Shanghai, Winhealth Pharma Group (www.winhealth.hk) (“Winhealth”) is a China-focused portfolio and commercialization platform aiming to meet the unmet medical and nutritional needs in the China market. Winhealth Pharma Group is dedicated to advancing Chinese pharmaceutical and healthcare industry and committed to introducing worldwide healthcare products and technologies into the Chinese market.