

forbidden foods

ASX Announcement

Forbidden Foods Limited ASX: FFF

23 January 2025

## Q2 FY25 Quarterly Activities Report: Group revenues more than double as multi-brand growth strategy accelerates

### Key Highlights

- Significant increase in cash receipts, group revenues and net sales following acquisition of Oat Milk Goodness (OMG), leveraging the combined group's expanded footprint as a multi-channel brand manager in the FMCG segment
- Net sales in the December quarter of \$1.17m, a gain of 104% from the previous quarter and up 77% from the prior comparative period (PCP)
- Cash receipts from customers of \$1.16m, a gain of 55% from the previous quarter and up 80% on PCP
- Growth in group revenues and cash receipts supported by strong momentum in ecommerce sales for Blue Dinosaur products which rose to \$383,000, up 94% on PCP
- Multiple new product stocking arrangements secured for Blue Dinosaur and OMG products with large-scale Australian retailers
- Group revenues and net sales achieved from a lower cost base following execution of several cost-reduction initiatives post-acquisition, including synergies in administrative processes
- Discussions with several counterparties for additional product-stocking agreements are well-advanced, positioning the Company to further consolidate its post-acquisition momentum with further sales increases
- Extension of secured debt facility with Moneytech, which will provide the option to access \$1.25m in working capital and funding
- Company remains focused on driving growth from its core Australian operations following execution of a number of cost-effective marketing initiatives to drive brand awareness

Forbidden Foods Ltd (ASX: FFF) ("Forbidden Foods" or "the Company") is pleased to provide the following overview of activities undertaken during the three-month period ended 31 December 2024 (the "quarter").

### Management commentary:

Forbidden Foods' Chief Executive Officer, Alex Aleksic said: "The December quarter was an exciting period for the business, marking our first full operating quarter as a multi-brand platform following the strategic acquisition of OMG. It was pleasing to see our combined footprint immediately translate into a material improvement in group sales and cash receipts, with the consolidation of key distribution channels in the Australian market and a strong growth profile in both physical store networks and online sales across our product mix."

"Heading into H2 FY25 with two established brands in the better-for-you FMCG sector, we are now assessing multiple pathways to leverage our market footprint and accelerate growth. In that context, the group's strategic priority has shifted to additional product-ranging agreements, where discussions are well advanced with several counterparties."

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*“This focus on expanded distribution will be complemented by strategic marketing campaigns with high-profile partners in the sports & fitness sector to align with our healthy product mix.”*

*“Based on the early traction we have achieved post-acquisition, the Board and management remain committed to managing the growth of a multi-brand strategy which can leverage the benefits of economies of scale to create long-term cashflow generation.”*

## Operational Review:

### Material improvement in key financial metrics post-acquisition:

The December quarter marked the first full quarter of group operations following the completion of the all-scrip deal to acquire OMG, a leading Australian brand in the fast-growing oat milk sector. Initial execution of the Company’s multi-brand strategy resulted in combined group revenues of \$1.17m – more than doubling (+104%) last quarter sales and up 77% on the prior comparative period (PCP).

Further underlining the momentum of the Company’s multi-brand strategy, cash receipts from operations also increased materially in the quarter to \$1.16m, a gain of 55% from the previous quarter.

Momentum was underpinned by additional product stocking agreements for both of its key product lines in the three months ended 31 December 2024. This is expected to further consolidate the Company’s sales momentum, which has been observed in recent quarters and in operations post-merger.

These included an expansion of OMG’s existing distribution footprint with Ampol Foodary, with ranging secured across a network for a new SKU, Coffee ProATEin - a 350ml ready-to-drink coffee-flavoured protein product which is now stocked in 130 Ampol stores nationwide alongside OMG’s existing Choc-proATEin product (refer ASX Announcement 31 October 2024).

This was followed by a product ranging agreement for the Coffee ProATEin SKU in 456 Woolworths supermarkets and metro stores across Australia, making it the third OMG product to secure product ranging with Woolworths alongside the Choc-proATEin SKU and OMG Barista Oat Milk (refer ASX Announcement 21 November 2024).

The group’s expanded sales footprint across major Australian retail networks was complemented in the quarter by targeted growth in online sales which increased to \$383,000, up 94% on PCP.

Ecommerce growth during the quarter included the group’s largest ever one-day sales total as part of the annual Black Friday promotion in November (refer ASX Announcement 6 December 2024).

Alongside its multi-channel distribution strategy, the Company maintained a focus on targeted marketing campaigns that are well-aligned with the better-for-you FMCG segment. Marketing initiatives in the period were led by a corporate sponsorship agreement with the Melbourne Mavericks netball team.

As part of the agreement, marque Mavericks player Eleanor Cardwell will act as brand ambassador for Blue Dinosaur for the 2025 season, which runs from April to July 2025.

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*Forbidden Foods brand ambassadors, Eleanor Cardwell from the Melbourne Mavericks netball team (L), and Australian cricketer Alex Carey (R)*

## Financial and corporate overview:

### Pathway to cashflow break-even:

The material increase in sales and cash receipts during the quarter flowed through to another quarterly reduction in net operating cash outflows to (\$269,000), an 80% improvement on the prior comparative period and a 55% improvement on the September quarter.

This positive trendline growth reflects the ability of the incumbent management team to expand the group's sales and distribution footprint from a lower cost base, following the rapid implementation of post-transaction cost reduction initiatives along with staff changes. Further reductions in staff costs are expected to be achieved in the March quarter following the resignation of Marcus Brown as North America CEO, effective from 28 February.

To further streamline operations and as part of the integration of OMG, the Company has completed distribution centre consolidation to one location. This is anticipated to drive additional cost and operational efficiencies.

With consistent improvements in quarterly operating cashflows, Forbidden Foods is focused on converting its expanded market footprint into economies of scale and pushing towards cashflow break-even in calendar year 2025.

### Extension of debtor financing agreement:

The Company extended its secured debt facility with Moneytech during the quarter, which will provide access to \$1.25m in working capital and funding. The extension follows considerable product demand witnessed over recent quarters.

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**ASX additional information:**

In accordance with ASX Listing Rule 4.7C.3, Forbidden Foods advises that an amount of \$211,000 was paid to executive and non-executive directors in payment of their directors' fees, salaries, and post-employment benefits. This ASX announcement has been approved for release by the Board of Directors of Forbidden Foods Ltd.

**ENDS**

**For further information, please contact:**

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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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

FORBIDDEN FOODS LIMITED (ASX: FFF)

**ABN**

82 616 507 334

**Quarter ended ("current quarter")**

31 December 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,158	1,907
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(933)	(1,681)
(c) advertising and marketing	(145)	(258)
(d) leased assets	-	-
(e) staff costs	(267)	(440)
(f) administration and corporate costs	(89)	(140)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(24)	(46)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	31	31
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(269)</b>	<b>(627)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(0)</b>	<b>(0)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	100	650
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(78)	(114)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (opening cash balance from Good Oats Pty Ltd received on completion of acquisition)	-	238
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>22</b>	<b>774</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	648	254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(269)	(627)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(0)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	22	774
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>401</b>	<b>401</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	401	648
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>401</b>	<b>648</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	211
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>																									
7.1	Loan facilities	1,250	254																									
7.2	Credit standby arrangements	-	-																									
7.3	Other (please specify)																											
7.4	<b>Total financing facilities</b>	1,250	254																									
7.5	<b>Unused financing facilities available at quarter end</b>		996																									
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Facility</th> <th style="width: 15%;">Facility limit \$A'000</th> <th style="width: 15%;">Amount drawn \$A'000</th> <th style="width: 20%;">Interest rate</th> <th style="width: 20%;">Secured</th> </tr> </thead> <tbody> <tr> <td>Moneytech:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Debtor finance</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">8</td> <td style="text-align: center;">10.41% p.a.</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Trade finance</td> <td style="text-align: center;">250</td> <td style="text-align: center;">246</td> <td style="text-align: center;">11.61% p.a.</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td><b>Totals</b></td> <td style="text-align: center;"><b>1,250</b></td> <td style="text-align: center;"><b>254</b></td> <td></td> <td></td> </tr> </tbody> </table>	Facility	Facility limit \$A'000	Amount drawn \$A'000	Interest rate	Secured	Moneytech:					Debtor finance	1,000	8	10.41% p.a.	Yes	Trade finance	250	246	11.61% p.a.	Yes	<b>Totals</b>	<b>1,250</b>	<b>254</b>				
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<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(269)
8.2	Cash and cash equivalents at quarter end (item 4.6)	401
8.3	Unused finance facilities available at quarter end (item 7.5)	996
8.4	Total available funding (item 8.2 + item 8.3)	1,397
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	5.19
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 January 2025

Authorised by: The Board of Directors

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.