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• FOODS •

Investor Presentation

(ASX: FFF)

AUGUST 2023

Feeding the world with the world's best

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No shares will be issued under the Offer to any person who resides in or has their office located in Australia, other than persons who qualify to be a sophisticated investor or professional investor as defined in sections 708(8), 708(10) and 708(11) of the Corporations Act 2001 (Cth).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”). The shares proposed to be issued under the Offer are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

All dollar values are in Australian dollars (A\$) unless other stated. The figures in this presentation are subject to rounding.

The information in this presentation remains subject to change without notice.

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

Company overview

Forbidden Foods Limited encompasses a portfolio of engaging food and snack brands offering premium products to health-conscious consumers. Its major focus is on its leading brand Blue Dinosaur.

The company helps its brands scale production, distribution and sales whilst striving to offer innovative products which can be sustainably procured, efficiently manufactured, and supplied to a global customer base.

CORPORATE OVERVIEW

Shares on issue: <i>(approx.)</i>	146m
Market capitalisation (as at \$0.019 per share): <i>(approx.)</i>	\$2.7m
Options on issue:	36.7m
52 week high-low:	\$0.13 - \$0.013
Debt:	Nil
*Cash at bank (as at 30 June 2023):	\$0.35m

MAJOR SHAREHOLDERS

Tuwhera Te Rangi Ltd	13.02%
MKB Family Investments Pty Ltd	9.52%
Milani Family Investments Pty Ltd	6.85%
Mr Mark Butler & Mrs Lynda Rae Butler	3.43%
Top 20:	54.98%
Board & Management	16.77%

**Forbidden Foods Limited released its Appendix 4C for the quarter ended 30 June 2023, on 28/07/2023. The Company is in the process of finalising its financial results for FY23 which remain subject to audit by the Company's auditors. The Company complies with its continuous disclosure obligations.*

Our Leading Edge



01

Forbidden Foods is an Australian publicly listed company

We believe in our brands and we will ensure they are adequately supported while scaling to continue growing and delivering value to our partners, this begins with US & Australian based account management with local trading entities in each market.

02

Australia's leading health food bar

We ensure our leading brands are fresh and exciting and are specifically designed for our target market, as proven in Australia with Blue Dinosaur.

03

Made in the USA & AUS

Established manufacturing in the US with two major distribution centers in Chicago and Utah supported by leading 3PL. Established relationships with multiple manufacturers in Australia with 3PL in Sydney.

04

20 Years+ of Supply Experience

Forbidden Foods has supplied over 8000 retailers globally and over 10 years have never had a recall and is supported by a team with 20+ years of experience in supplying the US & Australian market.

05

Millennials & Gen Z marketing experts

Existing brands age with their consumers; Forbidden Foods and its portfolio of brands approaches the up-and-coming consumers in the medium they consume media.



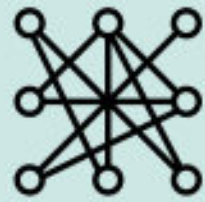
Key Opportunities

01 - USA



Established US base with manufacturing and sales team to capitalise on the estimated \$450bn Wellness Market¹ in the US along with Blue Dinosaur SKUs directly submitting into the \$3.8bn wellness bar market.²

02 - AUSTRALIA



Major supplier in Australia, existing in the \$2.2bn health snack market³ with opportunity to extend current points of availability in supermarkets and petrol & convenience stores.

03 - LEADER MINDSET



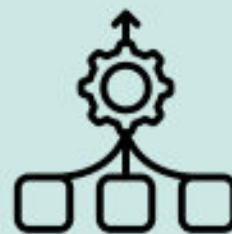
Setting the standard for Healthy Bars globally - with further investment into the quality of range and the brand position.

04 - INNOVATION



Extensive new product pipeline into other Healthy Snacking opportunities & occasions, tapping into the Health & Wellness market.

05 - FOCUSED

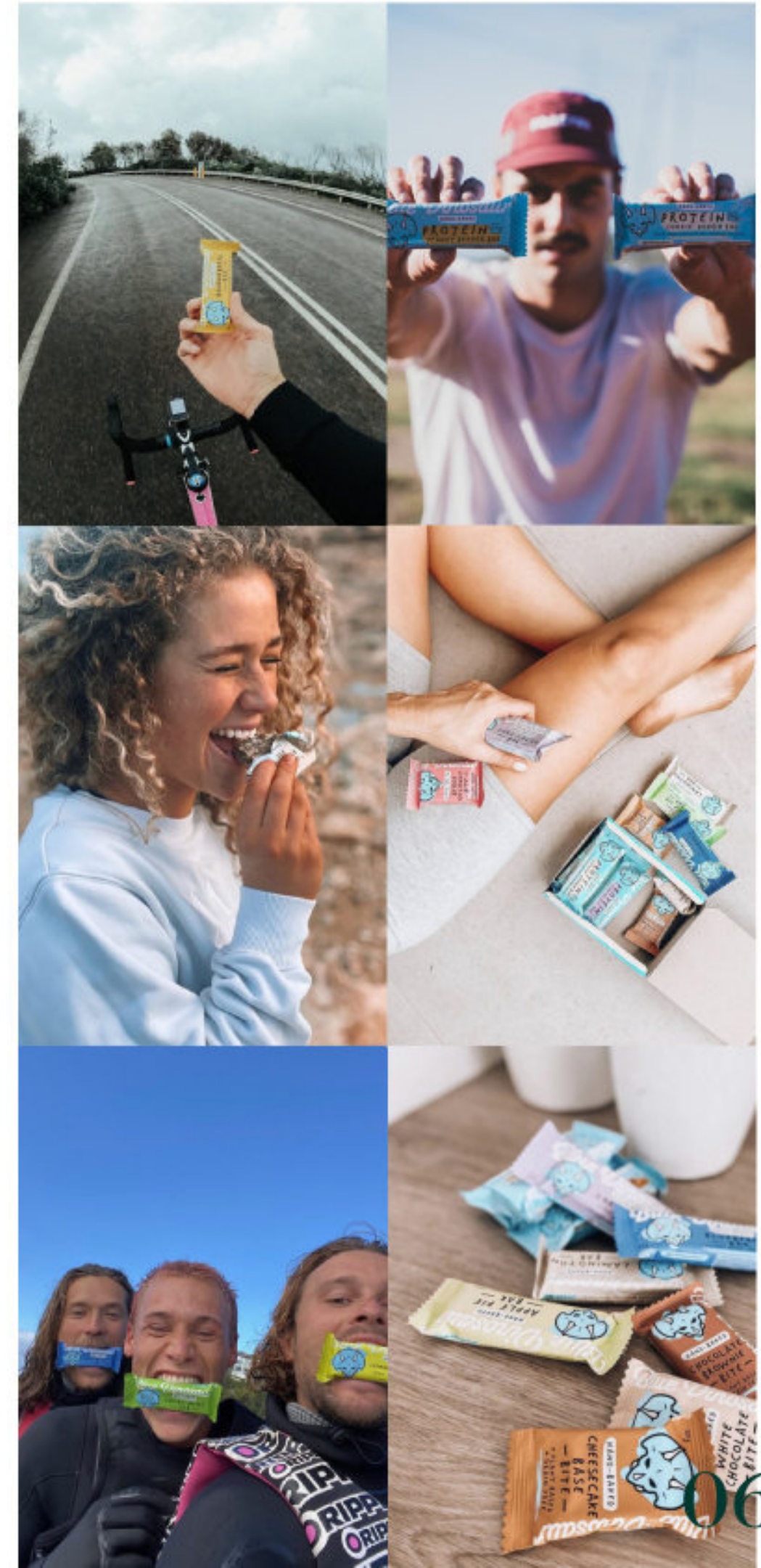


Consolidation of business and rationalisation of SKUs to focus on highest returning brands and SKUs for sustainability at scale.

1. McKinsey & Company - Still Feeling Good: The US wellness market continues to boom - 19th of September, 2022

2. SPINS Expo West 2023 / SPINS Wellness Bar Category - Total US Outlets ending 4th of September, 2022

3. IBIS World - Health Snack Food Production in Australia - 2008 - 2029



Board and Management



Jarrod Milani

Non-Executive Chairman

Jarrod co-founded Forbidden Foods in 2010 with Marcus. Prior to co-founding Forbidden Foods, Jarrod worked at Coles (ASX:COL) in various marketing-related roles including trade planning, growth projects, eCommerce, and supplier engagement.

Jarrod was recently the Chief Operating Officer at Forbidden Foods working across all functions and leading the brand proposition, global sales strategy and product ranges.

Jarrod has recently been appointed as Non-Executive Chairman.



Marcus Brown

CEO - North America

Marcus co-founded Forbidden Foods in 2010 with Jarrod. Marcus previously worked at AON in the corporate risk management and international captive insurance teams at AON.

Marcus was recently the CEO of Forbidden Foods where he led the business through its Initial Public Offering, acquisition of Blue Dinosaur and established the foundation for the North American business unit he now leads from Chicago, Illinois.



Alex Aleksic

Chief Executive Officer

Alex is a senior business strategist and advisor with over twenty years of senior managerial experience in commercial, operational and financial roles within multinational, ASX top 50 companies, private equity and high net worth ownership structures.

Most recently, Alex was CFO of Lark Distillery Limited (ASX:LRK). Alex was instrumental in the Company's growth trajectory, earnings growth, M&A strategy and market engagement which lead to the group achieving a peak market capitalisation of ~\$450m. His previous roles include positions as CFO at Accent Group (ASX:AX1), Shaver Shop Gr (ASX:SSG) and senior multi-discipline roles within Telstra (ASX:TLS) and Coles (ASX:COL).

Alex has a Bachelor of Business (Accountancy) and Masters in Business Administration (MBA) both completed at RMIT University. Alex is also a fully qualified Certified Practising Accountant (CPA).



Katie Eshuys

Non-Executive Director

Katie is an experienced executive in the global food and beverage industry, specialising in scaling emerging brands and delivering global revenue growth.

Katie is currently the Chief Sales Officer at Los Angeles based 'That's It.' Katie has expanded the brand across 7 countries and driven high revenue growth across the North American market.

Katie's extensive experience in the FMCG industry has enabled Katie to develop and execute strategic partnerships with the world's largest retailers across multiple channels including Tesco, Walmart, Costco, Amazon, Target, Sainsbury's, and Aldi. Katie is notorious for building brands, attributed to her ability to lead across key business functions to deliver consumer led product solutions.

CEO Welcome Address

“

I joined Forbidden Foods during a period of transition and was excited that management had identified a number of structural issues, which were resolved through a period of hard work over the past 12-months. I am very excited to assist with fast tracking the Company's revised strategy to unlock value for our shareholders.

At Forbidden Foods, we have now delivered a shift in strategy and the primary focus is now supporting the Blue Dinosaur brand with a diverse go to market strategy. This included the necessary reshaping of the cost structure, which we believe has left the company well placed to execute on its newly stated strategy.

The Board and management will hold itself to account on the following 3 pillars:

1. Accelerate the sales trajectory of the Blue Dinosaur brand in the domestic market with key retailers & partners
2. Activate the Blue Dinosaur brand in the United States
3. Initiate an M&A plan identifying opportunities within complementary categories

We are confident, the summation of the above parts will underpin an improvement in shareholder value over time.

I'd like to thank the existing shareholder base for their continued support and look forward to welcoming new shareholders to the register.

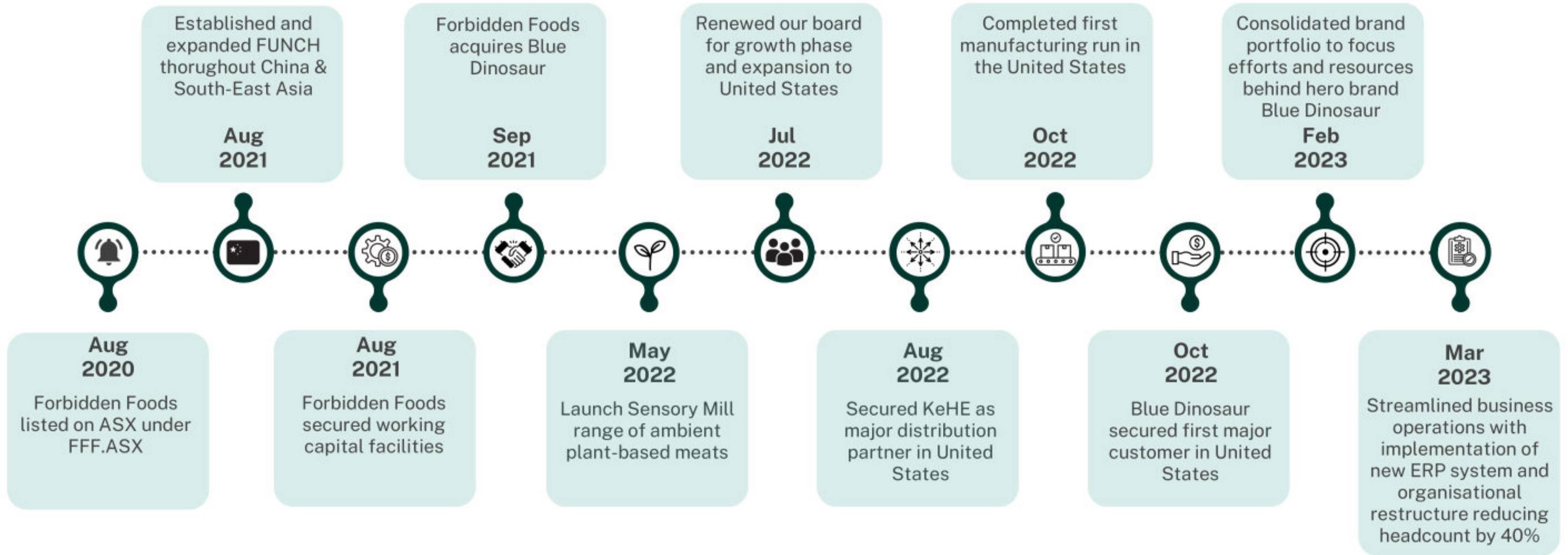
”



Alex Aleksic

Our Journey

Since listing on the ASX in August 2020



A defined growth strategy aims to unlock major value in near term

1

FOCUS ON DRIVING HERO BRAND BLUE DINOSAUR

- Communicate Blue Dinosaur's key point of difference with Gen-Z
- Ensure consistent ranging of our core range
- Drive volume of best performing SKUs to maintain and further improve margins
- Expand range to focus on functional benefits such as protein, occasion based consumption opportunities and nootropics



2

ACCELERATE GROWTH + PENETRATE US MARKETS

- Fast Track US roll out with goal to be ranged in over 24,000 stores
- Extend Ranging in Woolworths & Coles via new categories and new occasions.
- Expand distribution points in Australia and the US to the UK, South-East Asia and the Middle East
- Leverage entrenched relationships with our retail partners, brokers and distributors



3

DRIVE EFFICIENCIES THROUGH SCALE + CONSOLIDATION

- Centralise back-office support globally for Finance, Procurement, Supply Chain & New Product Development
- Outsource certain tasks to keep costs low and controlled
- Scale with local manufacturing partners in Australia and USA





About Blue Dinosaur

Welcome to the stampede. Blue Dinosaur, apart from being an unforgettable name is much more than just hand-baked healthy snacks and protein bars – We don't fit neatly into this niche, it's been our intention from the get-go to do the opposite and stand out! We are here to disrupt the status quo of grab-n-go.

As a brand, success to us is inspiring the people we serve to not only fuel themselves with real food snacks, but also to create a consumer that is driven by a positive understanding and outlook on 'health', where fuelling your body can be a fun and well-informed decision, not one that is driven by fear, fads or insecurity.

We are on a journey towards better and it's our mission to become the rule, not the exception in what convenient healthy snacks can and should be.

OUR CORE CUSTOMER



"HEALTHY"
HARRIET



"FITNESS"
PHIL



"ATHLETE"
AMANDA



"GLUTEN FREE"
GABBY

Redefining the Healthy Snacking Market

SNACK
BARS



PEANUT
BUTTER



PROTEIN



ENERGY
BARS



BITES



ONLY GOOD
STUFF INSIDE!

CLEAN INGREDIENTS
AMAZING TASTE
GLUTEN FREE
DAIRY FREE
PRESERVATIVE FREE
NOTHING ARTIFICIAL
MADE LOCALLY

Building trust through taste and transparency

OUR SECRET IS SIMPLE INGREDIENTS



A TYPICAL BLUE
DINOSAUR BAR



VS

A TYPICAL PROTEIN BAR

INGREDIENTS & NUTRITION	
Serving Size	60 g (1 Bar)
Total Servings	1
Ingredients	Protein Blend 27% (Whey Protein Isolate (Milk), Hydrolysed Collagen, Calcium Caseinate 5.2% (Milk), Soy Protein Crisps (Isolated Soy Protein, Cocoa Powder, Tapioca Starch, Salt), Milk Protein Concentrate), Muscle Nation Cookies & Cream Custard 26% (Sweetener (Maltitol), Muscle Nation Cookies & Cream Custard Powder 32.4% (Milk Protein Concentrate 63% (Casein Protein 85%, Whey Protein), Choc Cookie Crumb 10% [Wheat Flour, Sugar, Coconut Oil, Icing Sugar (Sugar, Tapioca Starch), Salted Butter (Butter Oil (Milk), Water, Salt, Milk Powder, Emulsifiers (471, Soy Lecithin)), Cocoa Powder, Tapioca Syrup, Raising Agent (500), Flavour, Salt], Skim Milk Powder, Fibre (Inulin), Flavour, Medium-Chain-Triglyceride (MCT) Oil Milk Powder (Antioxidants (306, 307b), Thickener (Carboxymethylcellulose), Sweetener (Sucralose), Sodium Chloride), Humectant (Glycerol)), No Added Sugar Protein White Chocolate 20% (Sweetener (Maltitol), Cocoa Solids 33%, Soy Protein Isolate, Milk Solids 10%, Emulsifiers (Soy Lecithin, 476), Food Acid (Citric Acid)), Sweetener (Sorbitol), Fibre (Polydextrose), Humectant (Glycerol), Cocoa Powder, Sunflower Oil, Flavour, Salt, Natural Flavour, Emulsifier (Soy Lecithin), Antioxidant (307b).
Allergens	Contains Wheat (Gluten), Milk and Soy. Made on equipment which processes Peanuts, Tree Nuts & Sesame, therefore these allergens may be present.

Snacking Occasions

Blue Dinosaur is extending our offering within the well-being snacks occasions. Its leading SKUs include the lamington bar, banana bread bar, cinnamon scroll bar & cheese cake bar which are made with natural & simple ingredients.

PERMISSIBLE INDULGENCE

Indulgent Snacks with more permissible recipes, in smaller sizes or portion controlled

25%

of Well-being Snacks Occasions

- Portion Control
- Thins
- Baked not fried
- Reduced/no calories
- Added fruits/nuts/seeds
- High cocoa content

BETTER FOR YOU

Snacks that meet consumers unique dietary needs and are free from perceived negatives

23%

of Well-being Snacks Occasions

- Free-from, i.e., gluten, dairy, sugar
- Reduced/no added sugar, fat, sodium
- Vegan/vegetarian
- Food intolerances



ONLY GOOD
STUFF INSIDE!

AUTHENTIC, NATURAL & SIMPLE

Snacks that feel artisanal or homemade with short, clean ingredient lists

33%

of Well-being Snacks Occasions

- Local/sustainable
- Organic
- All Natural
- No Artificials
- Real Fruit & Vegetables



FUNCTIONAL NUTRITION

Snacks with fortification or inherently positive nutritional benefits to protect, rebalance, recharge

19%

of Well-being Snacks Occasions

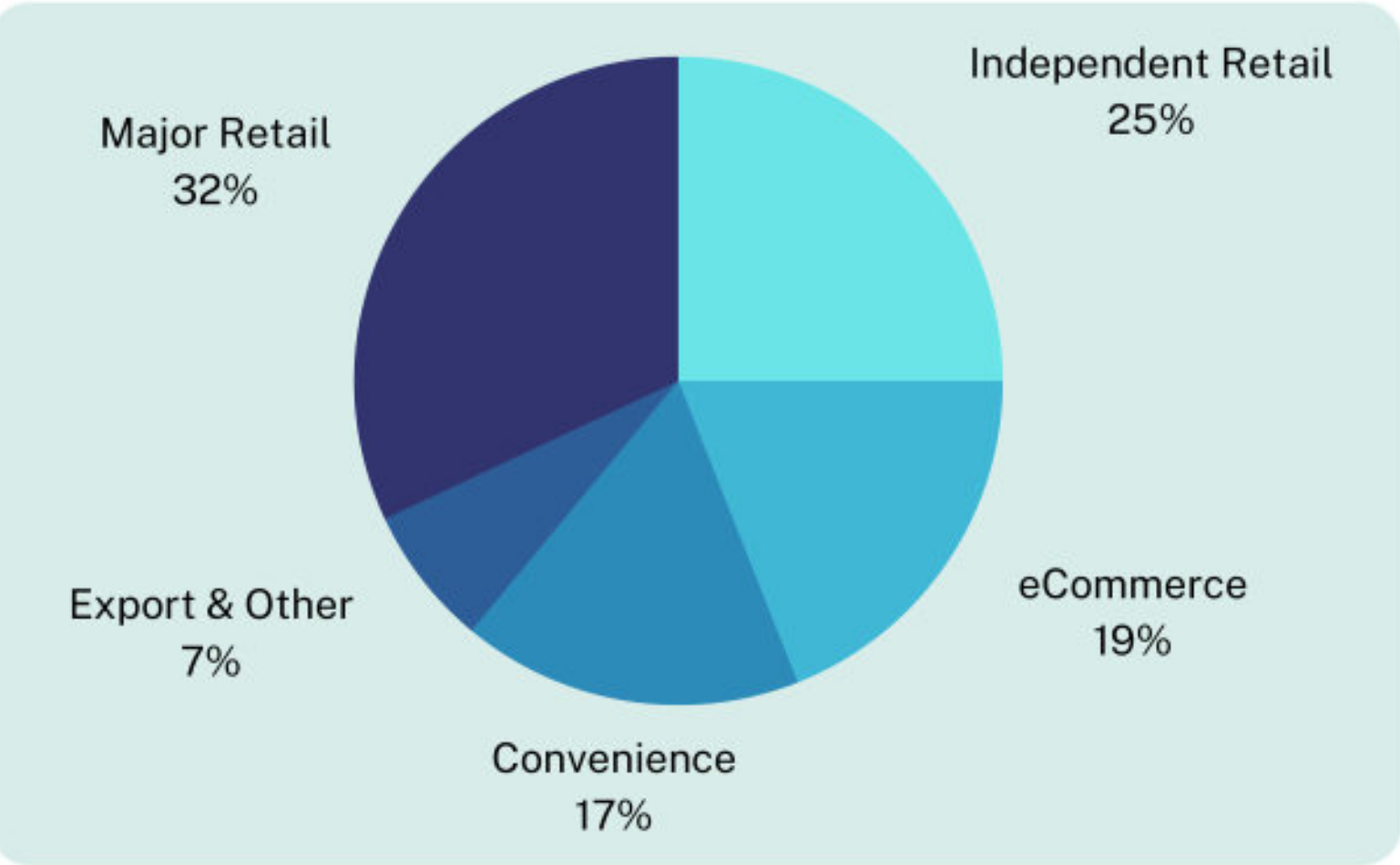
- Protein/plant based
- Gut Health
- Nutritious grains
- Nutrients/vitamins
- Mental/emotional health
- Immunity Boosting
- Bioactives (CBD)

Australia - Business Overview

Blue Dinosaur is a leading healthy snacking brand that is capital-light and has dedicated resources to innovation, sales and marketing. It has outsourced manufacturing and supply chain which enables immediate and sustainable rapid growth.

The market size of the Health Snack Food Production in Australia is \$2.2bn in 2023 and anticipated to grow at 1.1% during 2023.¹

Gross Revenue By Channel - CY2022



¹.IBIS World - Health Snack Food Production in Australia - 2008 - 2029

Current Sales Channels

Major Retail
Woolworths
coles

Independent Retail
IGA
HARRIS FARM MARKETS
Drakes

Petrol & Conv.
Metro
EG Group
WHSmith

eCommerce
Blue Dinosaur
amazon
healthy life

Distribution/Wholesale
Unique
GLOBAL BY NATURE
DISTRIBUTORS
Brackenbury

FY24 & 25 Retail Strategy Plans in Australia

Major Retail

- Through a renewed healthy snacking strategy Woolworths and Blue Dinosaur has agreed to delist four healthy snacking SKUs from Q2 FY24 and submit new innovation in line with category and consumer expectations
- Work through a rejuvenated sport & diet range with particular focus on unique and on trend ingredients
- Upcoming appointment of experienced FMCG sales executive to fill existing gap in sales team and lead major retail accounts

Minor Retail

- Increasing points of distribution through onboarding more stores with in store activations and sampling campaigns
- Introducing to Minor Retail customers the new innovation pipeline to increase shelf presence

eCommerce

- Increase number of SKUs available online that complements existing range to improve average order value from \$71.62 > \$110
- Focus on first party customer data capture in SMS & Email
- Expand on loyalty and focus on re-engaging audience
- Focus on improving conversion rate, average order value and returning customer rate

	Conversion Rate	Average Order Value	Returning Customer Rate	Sessions	Email Subscribers	SMS Subscribers
CY2022	3.36%	\$71.62	24%	152,609	8800+	900+
Target	4-5%	\$110-\$130	50%	500,000	50,000+	5000+

Blue Dinosaur unlocks a major US opportunity



Penetration in high growth market

Opportunity to take an established brand with a proven track record to capture a share of the projected US\$3.8Bn wellness bar market.¹

- US Wellness Bar Category sales up 13.9% year on year¹
- Wellness bars are penetrating 43% of US households and growing¹
- Wellness bar category has grown +5.9% to 54.5m buyers¹
- USA has 28x more supermarkets and grocery stores than Australia²

Unique competitive position with scalable business model

Sales networks and local manufacturing capabilities have already been established to minimise working capital and increase speed to market.

Imminent value catalysts

Significant pipeline sales opportunities already identified in US which will materially grow revenue – opportunities being pursued across traditional retail and eCommerce channels

Board and management team with US market experience

Board with experience scaling global brands and penetrating US market.

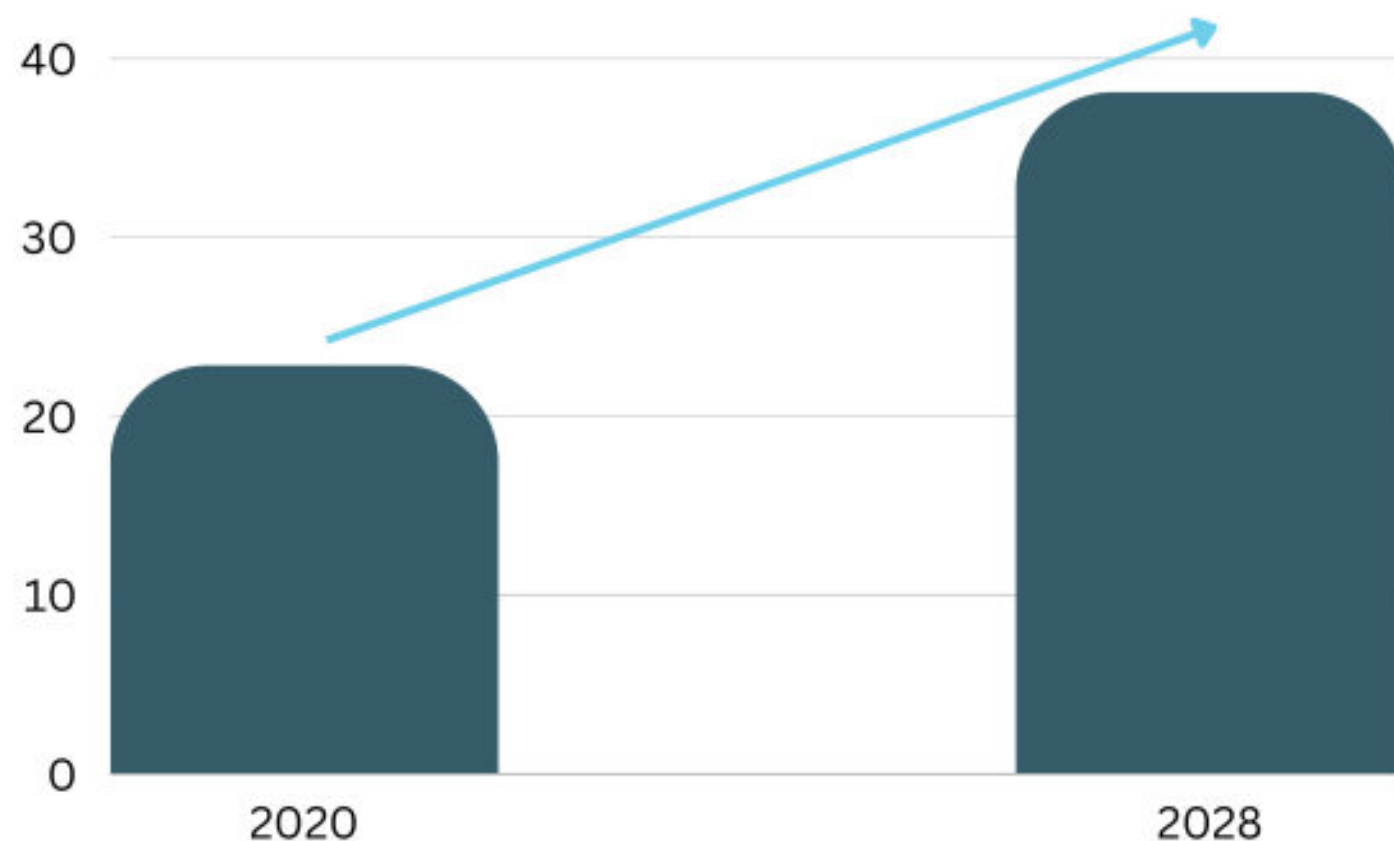
1. SPINS Wellness Bar Category - Total US Outlets ending 4th of September, 2022

2. IBIS 2022 - Supermarkets & Grocery Stores

Leveraging Blue Dinosaur to tap a major market

The Market:

The global snack bar market size was valued at US\$22.8Bn in 2020 and is projected to reach US\$38.1Bn by 2028, growing at a CAGR of 6.62% from 2021 to 2028.*



*Global Snack bar Market Size by Product Type, By Distribution Channel, By Geographical Scope and Forecast, Aug 2022, Verified Market Research

Examples of recent transactions:

On 1 August 2022, Mondelez International completed its acquisition of Clif Bar & Co. for **US\$2.9Bn (~4x Revenue)**. The acquisition is expected to grow Mondelez's snack bar business from approximately US\$300m in sales to in excess of US\$1Bn in revenues.

Mondelez
International



In October 2017, Kellogg acquired RXBar for **US\$600m (~5x Revenue)** less than five years after the company was started. RXBar's net sales were expected to reach about US\$120m by the end of 2017.

Kellogg's



Significant progress made in US expansion



- Forbidden Foods has made considerable in-roads into the lucrative North American market

2022

2023



Jan 2022

Engaged **US market entry** expert to advise on market entry, establishing a scalable chain, deal structures and introductions to sales leads.



Feb 2022

Established holding company and operating entity in the US.



Sep 2022

Secured KeHE as major distribution partner in US.



Oct 2022

Completed **first manufacturing run** in US.

Blue Dinosaur **secured first major customer** in the US.

Blue Dinosaur **landed another two** supermarket banners.



Nov 2022

Flagship **Amazon** Blue Dinosaur store launched.



Feb 2023

First orders shipped to **multiple KeHE** DC's/Warehouses.



Apr/May 2023

Stock dispatched to key retailers including **Central Market, Kum & Go** stores along with a number of smaller independent stores.



June 2023 >

Exhibited at KeHE Chicago Show and **completed additional production** of Blue Dinosaur bars to replenish inventory.

Leveraging an immediate US sales pipeline



- After showcasing the brand at multiple trade shows, the Company has rapidly built out a major retail sales pipeline in the US
- Ranging secured with a number of retailers and distribution established via KeHE with DC's now live with orders
- Sales pipeline below shows a strong engagement in market, with further new opportunities to be established over the medium term

	Upcoming submission	In discussion	Ranging Agreed
Customer	   	       	           

Multiple pending value catalysts in US



Amazon USA store now live with fulfilment to be handled directly by Amazon



First purchase order received by Distributor



Multiple retailers secured and coming onboard over the coming weeks



Local supply chain and team in place to grow the brand



Additional resources to be allocated to develop US market



Capital Raise & Indicative Timetable



Capital raise overview

Offer Details	<ul style="list-style-type: none"> • A placement to sophisticated and institutional investors of approximately 36.7m shares to raise approximately \$733k (before costs) ('Placement'): <ul style="list-style-type: none"> ◦ Approximately \$733k (36.7m shares) under existing Listing Rule 7.1 (22m shares) and 7.1A (14.7m shares) placement capacity • Subject to shareholder approval, the Company will also issue 1 free attaching option for every share subscribed for by eligible investors who participated in the Placement ('Placement Options'). • The board reserves the right to accept over subscriptions under the Placement. Any such over subscriptions will be subject to shareholder approval.
No Underwriting	The Placement is not underwritten.
Placement Options	<p>The Placement Options will be issued subject to shareholder approval at the 2023 AGM, expected to be held in late October 2023</p> <p>The Placement Options will be exercisable at \$0.025 each on or before the date that is two years following the date of issue</p>
Ranking	Shares issued under the Placement will rank equally in all respects with existing FFF ordinary shares.
Offer Price	<p>All shares under the Placement will be issued at a fixed price of \$0.020 per share, representing approximately:</p> <ul style="list-style-type: none"> • 5.3% premium to the last traded price on Friday, 4th August 2023 of \$0.019 • 5.3% premium to the 15-day VWAP up to and including Friday, 4th August 2023 of \$0.019
Director Participation	In addition to the funds to be raised above, the Company has obtained commitments from Directors to subscribe for additional shares in the Company at the same price as the Offer Price, subject to obtaining shareholder approval in accordance with the ASX Listing Rules.
Lead Manager and Fees	<p>Canterbury Hill is the lead manager and bookrunner.</p> <p>1% management fee; 5% on funds raised; Broker reserves the right to take fees as shares, subject to shareholder approval at the AGM.</p>
Dividend policy	The Board does not intend to recommend, declare or pay a dividend in the next 12 months

Indicative timetable

Indicative timetable (subject to change)	2023
Trading Halt	(before market open) Monday, 7 August
Announcement of results of Placement, lodge investor presentation, lodge Appendix 3Bs	(before market open) Wednesday, 9 August
Settlement of Placement	Tuesday, 15 August
Allotment and issue of Placement Shares; Lodge cleansing notice and Appendix 2A (Placement Shares)	Before noon, Wednesday, 16 August
Placement Shares commence trading on ASX on a normal settlement basis	Thursday, 17 August
Dispatch of AGM Notice to include shareholder approval of additional Placement Shares (including Director Placement Shares) and all Placement Options	Early October
AGM at which additional Placement Shares (including Director Placement Shares) and all Placement Options to be approved	Late October
Settlement of additional Placement Shares (including Director Placement Shares)	Within 3 Business Days of AGM
Issue of additional Placement Shares (including Director Placement Shares) and all Placement Options and all Shares issues commence trading on ASX on a normal settlement basis	Within 2 business days of settlement of Shares

**The above timetable is indicative only and subject to change. The quotation of Placement Shares subject to ASX approval. Subject to the ASX Listing Rules and Corporations Act and other applicable laws, the Company reserves the right to vary these dates, without notice.*

Source of funds

Source of Funds*	AUD \$
Placement under 7.1 capacity (approx.)	440,192
Placement under 7.1A capacity (approx.)	293,461
Total	733,653

Use of funds

The proposed use of funds* includes:

- Deploying the capital to accelerate sales with key retailers and drive brand awareness of Blue Dinosaur in the United States, including through instore and online activation activities.
- Having recently established local manufacturing capabilities in the United States, the Company needs to build up its inventory holdings to fulfil future purchase orders.
- Payment of costs incurred in relation to the Offer.

*The source of funds and use of funds excludes any capital raised or costs incurred as a result of the exercise of the Placement Options.

Contact

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Key risks

1. Business Risks

Reliance on third party raw materials and manufacturing suppliers

Forbidden Foods relies on the availability of supply of raw materials, including organic raw materials, to meet the current and expected growth in demand for its products. Forbidden Foods' business model relies on outsourcing key raw materials to third party suppliers.

In addition to some raw materials, Forbidden Foods also sources product packaging from countries in Asia and engages contract manufacturers in Australia to manufacture and pack its products.

Forbidden Foods may experience disruptions to its supply chain, for example as a result of a shortage of suitable raw materials, a virus or disease outbreak (such as COVID-19), quality control or certification issues or a production outage. Any such disruption could have a material adverse impact on Forbidden Foods' ability to source suitable raw materials and manufacture its products to meet current and anticipated future consumer demand.

Foreign exchange risk

Forbidden Foods sources some raw materials and packaging from Asia and pays for it in United States dollars. The Company's manufacturing expenses are typically incurred in Australian dollars and the Company generates revenue in a range of currencies, including Australian dollars, United States Dollars and New Zealand Dollars. The Company's financial statements are presented in Australian dollars, and therefore the Company must translate its assets, liabilities, revenue and expenses into Australian dollars for external reporting purposes.

Reliance on sales channels & key customers

Forbidden Foods distributes its products to end consumers through various sales channels. The Company depends on continued access to its sales channels and its relationships with its current customers, many of which are not contracted. There can be no guarantee that the Company's relationships with key customers and channel partners will continue or, if they do continue, that they will purchase the same, similar or greater quantities of Forbidden Foods' products as they have historically.

Key customers without contracts

Forbidden Foods' performance and growth is dependent on maintaining its existing customers and securing new customers. In FY2023, a proportion of Forbidden Foods' revenue was generated from uncontracted customer relationships, using the Company's or the customer's standard terms and conditions and purchase orders and invoices. This is consistent with many suppliers in the Food and Beverage Industry.

The Company's supply arrangements typically have no minimum volume requirements and can be varied or terminated by the customer on short notice (or no notice) and without penalty. There is a risk that the Company will be unable to maintain its uncontracted customers, or secure new customers, on commercially viable terms. In addition, there is no certainty as to the volume, price and frequency of any future sales from uncontracted customers.

Key risks

1. Business Risks (continued)

Forbidden Foods operates in a competitive industry

The Food and Beverage Industry is highly competitive and many of the Company's competitors are significantly larger and have significantly more resources. There is no assurance that Forbidden Foods will be able to compete effectively with existing and new competitors in the future. Should any of Forbidden Foods' competitors participate more aggressively on price, product, innovation or other means, this could have a material adverse impact on Forbidden Foods' financial performance and prospects.

Customer concentration risk

Should the Company's trading relationship with any of its large customers change in an adverse way – for example as a result of competition, reduced demand for the Company's products or a product contamination issue – the Company's financial performance and prospects could be adversely affected.

Product concentration risk

Forbidden Foods' product mix and revenues are currently dependent on healthy snacking products under the Blue Dinosaur brand. Given the Company's product range, factors affecting the supply of, and demand for, the products could have a significant adverse impact on Forbidden Foods' financial performance and future prospects.

Changes in consumer trends and preferences

The Company is subject to changing consumer trends, demands, preferences and attitudes, including a shift in the beliefs, tastes and dietary habits of end consumers. There is a risk that consumer preferences for Forbidden Foods' products will change in an adverse way. Should there be a reduction in demand for Forbidden Foods' products, this could have a material adverse impact on the financial performance and future prospects of the Company.

Retail environment

There is a risk that an economic downturn could occur in Australia or overseas, which could cause the retail environment to deteriorate as consumers reduce their expenditure (generally) or reduce their disposable income expenditure on specific discretionary items. This could result in reduced turnover for Forbidden Foods.

Climate or environment events

As a seller of agricultural products, weather and climactic conditions directly affect the business operations of the Company. The quantity and quality of Forbidden Foods' products may be adversely affected by adverse weather or climactic conditions, including climate change. Any adverse change to weather or climactic conditions may impact the sustainability of produce, which are sourced through third party providers.

Key risks

2. General and other risks

Risks associated with an investment in shares

There are general risks associated with any investments in equity capital. Securities listed on a securities exchange, and in particular securities of companies with a relatively small capitalisation, have experienced volatile price and volume fluctuations that have often been unrelated to the operating performance of such companies. The trading price of Forbidden Foods' shares may experience fluctuations with movements in equity capital markets in Australia and internationally, and may be influenced by a number of factors, some of which are specific to Forbidden Foods, and some of which may affect listed companies generally (and may be unrelated to Forbidden Foods' operating performance). This may result in the price of Forbidden Foods shares being more or less than the issue price of shares issued under the Placement ("Placement Shares"). Generally applicable factors which may affect the market price of shares include: general movements in Australian and international securities markets; investor sentiment; Australian and international economic conditions and outlook; changes in interest rates and the rate of inflation; changes in government regulation and policies; announcement of new technologies; outbreaks of disease, pandemics or continuation of the same; and geo-political instability, including international hostilities and acts of terrorism. No assurances can be given that the Placement Shares will trade at or above their issue price under the Placement. None of Forbidden Foods, its Board or any other person guarantees the market performance of the Placement Shares.

Litigation and disputes

From time to time, Forbidden Foods is involved in litigation and disputes. There is a risk that the resolution of litigation and disputes may result in provisions for such litigation and disputes being exceeded. There is also the risk that Forbidden Foods' reputation may suffer due to the profile of, and public scrutiny surrounding, any such litigation and disputes regardless of their outcome.

Changes in accounting policies and financial issues

Changes in accounting policies arising from amended accounting standards may affect the reported earnings of Forbidden Foods and its financial position from time to time. The FY23 year end audit is currently in progress.

Tax changes

Future changes in taxation laws may affect taxation treatment of an investment in Forbidden Foods' shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, or Forbidden Foods' methods of calculation, may impact the tax liabilities of Forbidden Foods.

Domestic and global economic conditions

Adverse changes in economic conditions such as economic growth, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside Forbidden Foods' control and have the potential to have an adverse impact on Forbidden Foods and its operations.

Dilution risk

The Placement Shares and Placement Options issued under the offer will result in dilution of the existing holdings of Forbidden Foods' shareholders who do not participate in the Placement. Investors may also have their investment diluted by future capital raisings or issues of new equity securities by Forbidden Foods. Forbidden Foods may issue new equity securities in the future to finance working capital, acquisitions or pay down debt which may, under certain circumstances, dilute the value of a shareholder's interest in Forbidden Foods.

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