forbidden
FOODS

ACN: 616 507 334

Feeding the world with the world's best

Annual Report 2023

An Australian food company specialising in procuring, developing and selling innovative, health focused food products globally.

We create healthy and nutritious products that engage, delight and inspire health conscious consumers, drive value for our stakeholders, and encapsulate our core values of innovation, authenticity, quality and sustainability.

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DON'T KNOW ABOUT YOU, BUT
WE'D RATHER EAT THE REAL THING
HAND-BAKED
LAMINGTON BAR
•PLANT BASED •GRAIN FREE

Contents

Chairman's Letter

Dear Fellow Shareholders,

I am pleased to present the Annual Report for the Financial Year 2023 (FY23) on behalf of the Forbidden Foods Board of Directors.

This year has been a year of significant transformation for Forbidden Foods, as we have responded to the challenges of the global economy by focusing on reducing costs, streamlining our operations, and investing in our leading brand, Blue Dinosaur®.

We have made significant progress in these areas. We have reduced operational overheads by restructuring our operations and being more selective with our marketing and promotional spending. We have also moved to a new ERP system that is more sustainable and scalable and provides greater insights for rapid decision making.

In addition, we have focused on building a healthy product range by focusing on lower-cost, higher-margin SKUs that strategically add value. This has resulted in us exiting the bulk food service market and simplifying our product range and also involved no longer focusing resources on Sensory Mill® & FUNCH® and in particular the China & SEA markets. These changes have freed up additional working capital, right-sized our inventory, and simplified our back-end operations to focus on Blue Dinosaur®.

We have also prioritized resources for our Blue Dinosaur® brand, particularly in the North American market. We have made significant progress in this area, including launching our products on Amazon and in KeHE, one of the largest health and wellness distributors. We are seeing positive signs with repeat purchases and strong engagement from retail partners.

In addition to these changes, we have also made some changes to the company's leadership team. As of July 1st, 2023, Alex Aleksic has taken over as the Managing Director and CEO of Forbidden Foods. Alex brings a wealth of experience to the role, and I am confident that he will make a positive impact and lead the company to realise its potential.

I am pleased with our transformation in FY23 and what we chose to prioritise. We have created a leaner health & wellness consumer products company with an anchor brand that is strongly positioned in long-term growth categories, in large addressable markets.

I would like to thank the Forbidden Foods team for their hard work and dedication during this time of transformation. I would also like to thank our shareholders for their continued support.

There are exciting opportunities ahead. I am pleased with how Alex and the team are rapidly executing on a plan to drive long-term shareholder value. FY24 has the potential to be a year of great achievements.

Thank you,

Jarrod Milani

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Forbidden Foods Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of Forbidden Foods Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Mark Hardgrave (resigned 1 July 2022)
- Colleen Lockwood (resigned 1 July 2022)
- Anthony Rowlinson (appointed on 1 July 2022; resigned 1 July 2023)
- Alex Aleksic (appointed 1 July 2023)
- Jarrod Milani
- Justin O'Sullivan (appointed on 1 July 2022; resigned 27 January 2023)
- Katie Eshuys (appointed on 1 July 2022)
- Marcus Brown

Principal activities

The principal continuing activities of the consolidated entity during the financial year consisted of operating a multi-brand premium food company focusing on the infant & toddler and health & wellness plant-based markets, with diverse national and international sales channels.

This year has seen significant transformation for Forbidden Foods through focusing on reducing costs, streamlining operations, and investing in the leading brand, Blue Dinosaur®. Apart from this transformation, there have been no other significant changes in the nature of the consolidated entity's activities occurred during the year ended 30 June 2023.

Dividends

There were no dividends paid, recommended, or declared during the current of previous financial year.

Review of operations

Financial Performance

During the year ended 30 June 2023 the consolidated entity focused on pursuing improved margins, the expansion of Blue Dinosaur® in the United States and exiting from low margin non-strategic revenue.

Key achievements:

- Blue Dinosaur® Bites ranged into 350 Coles supermarkets in favourable 'Grab & Go' section, a highly complementary plant-based bar and snacking company with strong brand awareness and distribution into the health food market.
- First major US Distribution Agreement signed with KeHE, one of the largest and most respected pure-play grocery and natural distributors in the United States).
- Blue Dinosaur® Range accepted into several US retail banners with the first production of Blue Dinosaur® bars in the US completed.
- Flagship Amazon US store launched to drive Blue Dinosaur® eCommerce sales (see ASX release on 3 November 2022)

Directors' Report

Continued

- Successfully completed a $1.08m placement to new and existing institutional and sophisticated investors.
- Forbidden Foods exited Foodservice early.
- First shipment of Blue Dinosaur® products to Forbidden Foods' network of US retailers completed via distribution partner KeHE.
- The Company secured an extended ranging for Blue Dinosaur® with WHSmith Australia ("WHSmith").
- The Company secured a new ranging agreement for Blue Dinosaur® with Lagardère Travel Retail ("Lagardère").
- The Company has secured extended ranging with a number of independent grocery chains across the nation, including Ritchies IGA in Victoria, Whites IGA and Queensland, Drake's Supermarkets in Queensland and South Australia, Romeo's Retail Group in South Australia, as well as Jones the Grocer and Reddrop Group nationally.

The consolidated entity achieved revenue of $3,733,271 for the year ended 30 June 2023 (2022: $6,581,489), decreasing 43.3% on the previous year. This was mainly driven by the planned reduction in foodservice revenue. The decision to exit the foodservice channel was driven by the working capital-intensive nature of servicing the channel, and the increased freight costs which made servicing the channel untenable, and other operational complexities which resulted in inefficiencies. The exit allows the consolidated entity to focus resources, including the working capital freed up by exiting the channel, into pursuing the opportunity for Blue Dinosaur® in the United States. The consolidated entity anticipates revenue to achieve faster growth over the next twelve months as sales in the United States build momentum.

The loss for the consolidated entity after providing for income tax amounted to $5,555,846 (2022: $3,681,288). The consolidated entity continued to invest in expanding Blue Dinosaur® in the United States in FY23, however efforts in

Australia were focused on achieving operational cost savings across the business which included backend system upgrades, reduction in headcount and exiting lease commitments. The consolidated entity is focused on building a sustainable operating model which can support the growth of our Blue Dinosaur® brand.

Balance Sheet and Cashflows

The consolidated entity is supported by a balance sheet with net assets at 30 June 2023 of $1,774,755 (2022: $6,107,892), including a cash balance of $351,986 (2022: $2,297,588). The decrease in net assets is mainly due to the reduction in cash and a lower level of inventories in order to preserve working capital.

The cash used in operating activities increased by $700,418 on the prior year to $2,986,773 (2022: $2,286,355). This outcome was influenced by a significant decrease in sales as a result of a continued focus on reducing working capital restraints across the wider business, and prudent cost management.

Significant changes in the state of affairs

On 8 December 2022, the consolidated entity announced it had secured firm commitments to raise $1.08m (before costs) through the issue of approximately 30.42m new fully paid ordinary shares at an issue price of $0.0355 per share ('Placement 1'). The consolidated entity also advised it would undertake a 1:3 rights issue to eligible shareholders to issue up to 34.47m new fully paid ordinary shares subject to a prospectus ('Rights Offer').

The Placement was completed in two-tranches, with tranche 1 raising approximately $918k resulting in the issue of 25.85m ordinary shares under Listing Rule 7.1 and 7.1A placement capacity and tranche 2 raising $162k which received shareholder approval at an extraordinary general meeting on 18 January 2023.

On 28 February 2023 the Rights Offer was withdrawn.

On 7 June 2023, the consolidated entity announced it had secured firm commitments to raise $300,000 (before costs) through the issue of approximately 15m new fully paid ordinary shares at an issue price of $0.02 per share (‘Placement 2’). The placement raised $275,000 (before costs) through the issue of 13,750,000 fully paid ordinary shares.

In the opinion of the directors, this year has seen significant transformation for Forbidden Foods through focusing on reducing costs, streamlining operations, and investing in the leading brand, Blue Dinosaur®, which constitutes a significant change in the state of affairs of the consolidated entity that occurred during the financial year.

Subsequent events

Since 30 June 2023, the following events have occurred:

On 1 July 2023, the consolidated entity advised it had appointed Alex Aleksic as CEO. The Company also made a number of changes to its Board of Directors to optimise the Company for its next phase of growth. Anthony Rowlinson stood down as Chair of the company and resigned as a director, Mr Jarrod Milani transitioned to the role of Non-Executive Chairman. Following the appointment of Mr Aleksic, Marcus Brown will continue to focus on the Company’s ongoing US expansion. Mr Brown recently completed his relocation to the United States.

On 31 July 2023 Forbidden Foods (Australia) Pty Ltd sold the Sensory Mill brand via an Intellectual Property asset sale to Miao House Pty Ltd for $22,001.

On 9 August 2023, the consolidated entity announced it received firm commitments for a Share Placement (‘Placement’) of approximately 36.68 million new fully paid ordinary shares (“Shares”) in the Company at $0.02 per Share to raise approximately $730,000. The Placement was completed on 5 September resulting in the issue of 36,680,000 ordinary shares under Listing Rule 7.1 and 7.1A placement capacity.

The Board has the discretion to accept further funds through the issuance of additional Shares at the Offer Price via a share placement to new and existing investors or directors and other related parties of the Company (“Director Share Placement”), such further placement to require approval at the Company’s 2023 AGM. Further firm commitments were received to raise this additional $300,000, subject to shareholder approval at the Company’s 2023 AGM, for a total Placement amount of $1.03m).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect, the consolidated entity’s operations, the results of those operations, or the consolidated entity’s state of affairs in future financial periods.

Likely developments and expected results of operations

The future likely developments of the consolidated entity include leveraging the strength of the Blue Dinosaur® brand, growing the distribution points for the business, launching new products, creating further synergies across the consolidated entity, and driving brand awareness through targeted marketing campaigns.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law.

Directors' Report

Continued

Information on directors and key management personnel

The directors and key management personnel at the date of this report are:

Name and position	Experience and qualifications
Alex Aleksic Managing Director and CEO *CPA*	Alex was appointed as CEO on 1 July 2023. 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 Chief Financial Officer of Australian leading Australian beverage company, Lark Distillery Limited (ASX:LRK) between June 2020 and December 2022. During his time with Lark, 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 Chief Financial Officer at Accent Group (ASX:AX1), Shaver Shop Gr (ASX:SSG) and senior multi-discipline roles within Goodyear Dunlop, Telstra (ASX:TLS), Coles (ASX:COL) and Kodak Australasia. Alex is chair of the Remuneration and Nomination Committee and a member of the Audit, Risk and Compliance Committee. Other current directorships in listed entities: None Former directorships in the last 3 years: None Interests in shares: 591,833 (issued 4 July 2023) Interests in options: Nil

Name and position	Experience and qualifications
Katie Eshuys Independent Non-Executive Director *B.Com*	Katie was appointed as a director in July 2022. Katie is an experienced executive in the global food and beverage industry, specialising in scaling emerging brands and delivering global revenue growth with a passion for ushering in the next wave of bold, innovative CPG products, and continuing to accelerate global expansion for high growth brands. Katie is currently the Chief Sales Officer at Los Angeles based That's it., where she has expanded the brand internationally across 7 countries, elevated the product portfolio, and has driven high revenue growth in the competitive North American market, scaling the company significantly to now be triple the size. Katie was previously the General Manager of International Markets at Halo Top Creamery, where Katie led the international expansion focused on accelerating disruptive entry into 8 countries whilst also leading financial initiatives to ensure sustainable P&L growth. She was also previously a buyer at Coles in Australia and was also the National Strategic Sales Director for Treasury Wine Estates (ASX: TWE). Her extensive experience in the CPG 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 well known for building brands, attributed to her ability to lead across key business functions to deliver consumer led product solutions. Katie is member of the Remuneration and Nomination Committee. Other current directorships in listed entities: None Former directorships in the last 3 years: None Interests in shares: Nil Interests in options: Nil

Directors' report

Continued

Name and position	Experience and qualifications
Marcus Brown Executive Director B.Bus (International Trade)	Marcus co-founded Forbidden Foods in 2010, when he and co-founder Jarrod Milani recognised an opportunity to build a strong brand-led food business by introducing unique rice varieties into Australia and New Zealand. Since that time, Forbidden Foods has become a diverse multi-brand food and beverage company focusing on the infant, toddler, health and plant-based markets, with various national and international sales channels. Marcus previously worked at AON in the corporate risk management and international captive insurance teams at AON, where he assisted multi-national companies manage risk and insurance. Marcus's experience has given him a deep understanding of the critical areas required to manage a growing business and mitigate risk, which has been instrumental in the establishment and growth of Forbidden Foods. During his time as CEO, Marcus developed a broad network of reliable supply chain partners and is responsible for ensuring that the Company continues to meet its key strategic and growth objectives. Marcus is a member of the Remuneration and Nomination Committee. Other current directorships in listed entities: None Former directorships in the last 3 years: None Interests in shares: 13,831.377 Interests in options: 1,500,000
Jarrod Milani Non-Executive Chairman from 1 July 2023 Executive Director to 30 June 2023 *B.Bus (Marketing), GAICD*	Jarrod co-founded the company with Marcus Brown in 2010. Prior to co-founding Forbidden Foods, Jarrod worked at Coles in various marketing-related roles including trade planning, growth projects, eCommerce, and supplier engagement. Jarrod's extensive experience in fast moving consumer goods has given him the ability to manage ongoing relationships with suppliers, customers, and manufacturers globally to help the Company meet its strategic objectives. He has played a vital role in the development of the brand proposition, strategy, and product ranges. Jarrod is a member of the Audit and Risk Committee. Other current directorships in listed entities: None Former directorships in the last 3 years: None. Interests in shares: 9,950,895 Interests in options: 1,500,000

Company secretary

On 9 November 2022 Jad McGillvray resigned as joint company secretary. Mrs Lucy Rowe of Automic Group continued in the role of Company Secretary.

Meetings of directors

The number of meetings of Forbidden Foods Limited's Board of Directors and each Board committee meeting held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Mark Hardgrave**	-	-	-	-	-	-
Colleen Lockwood**	-	-	-	-	-	-
Anthony Rowlinson	14	13	2	1	2	2
Justin O'Sullivan	9	9	1	1	*	*
Kate Eshuys	14	14	1	1	2	2
Marcus Brown	14	14	*	*	2	2
Jarrod Milani	14	14	2	2	*	*

A = Number of meetings held during the time the director held office or was a member of the committee during the year.

B = Number of meetings attended.

* = Not a member of the relevant board/committee.

** = Resigned on 1 July 2022

Remuneration report (Audited)

The Board's Remuneration and Nomination Committee (the "Committee") presents the Remuneration Report which includes information on the remuneration arrangements for Forbidden Foods' Key Management Personnel (KMP) for the year ended 30 June 2023. The report has been prepared and audited in accordance with the requirements of the Corporations Act 2001 (Cth) and Regulations.

The report is structured as follows:

(a) Principles used to determine the nature and amount of remuneration

(b) Details of remuneration

(c) Service agreements

(d) Share-based compensation

(e) Relationship between the remuneration policy and company performance

(f) Key management personnel disclosures

Directors’ report

Continued

(a) Principles used to determine the nature and amount of remuneration

Remuneration governance

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Remuneration will be reviewed on at least an annual basis with consideration given to individuals’ performance and their contribution to Forbidden Foods’ success (against measurable key performance indicators), external market relativities, shareholders’ interests, Forbidden Foods’ financial performance and desired market positioning.

Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors’ fees and payments are reviewed annually by the Remuneration and Nomination Committee. The chairman’s fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The non-executive chairman is not present at any discussions relating to the determination of their own remuneration. Non-executive directors do not receive share options or other incentives, however before assuming the role, the Non-Executive Chairman did receive options in his prior role as Chief Operating Officer.

Non-executive director fees are subject to a maximum aggregate amount approved by the company’s shareholders of $250,000 per annum.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Executive remuneration consists of fixed remuneration, short-term incentives and equity-based remuneration, and remuneration such as superannuation and long service leave. Superannuation contributions are paid into the executive’s nominated superannuation fund.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives (‘STI’) program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators (‘KPI’s’) being achieved. KPI’s include EBIT and revenue targets, but the Remuneration and Nomination Committee retain the discretion to award STIs as it deems appropriate.

The long-term incentives (‘LTI’) include share-based payments. The consolidated entity did not issue any equity linked performance incentives to executives during the year ended 30 June 2023.

The Remuneration and Nomination Committee is of the opinion that f performance based compensation remains important to increase shareholder wealth if maintained over the coming years.

No remuneration consultants were used during the year ended 30 June 2023.

(b) Details of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The consolidated entity's key management personnel are its directors and those executives who have been identified as having the authority for planning, directing and controlling the activities of the consolidated entity.

The key management personnel of the consolidated entity consisted of the following directors of Forbidden Foods Limited:

- Anthony Rowlinson
- Jarrod Milani
- Marcus Brown
- Katie Eshuys
- Justin O'Sullivan (resigned 27 January 2023)

Mark Hardgrave and Colleen Lockwood resigned from the board on 1 July 2022.

Key Management Personnel:

- Sam Fraser – Chief Financial Officer (resigned 28 April 2023)

Changes since the end of the reporting period:

Anthony Rowlinson stood down as Chair of the company and resigned as a director, Mr Jarrod Milani transitioned to the role of Non-Executive Chairman.

Directors' report

Continued

KMP remuneration for the current and previous financial year:

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees[1] $	Bonus $	Super-annuation $	Long service leave $	Equity settled shares $	Equity settled options[2] $	Total $
2023							
Anthony Rowlinson	70,166	-	7,367	-	-	-	77,533
Justin O'Sullivan	15,545	-	1,632	-	-	-	17,177
Marcus Brown	147,039	-	16,035	27,038	-	52,050	242,162
Jarrod Milani	164,794	-	20,749	(23,406)	-	52,050	214,187
Sam Fraser	194,836	-	22,246	(282)	-	8,675	225,475
	592,380	**-**	**68,029**	**3,350**	**-**	**112,775**	**776,534**
2022							
Mark Hardgrave	81,818	-	8,182	-	-	-	90,000
Colleen Lockwood	27,273	-	2,727	-	-	-	30,000
Marcus Brown	201,467	-	18,182	3,200	-	52,050	274,899
Jarrod Milani	192,811	-	18,182	3,200	-	52,050	266,243
Sam Fraser	140,903	27,273	15,775	267	-	8,675	192,893
	644,272	**27,273**	**63,048**	**6,667**	**-**	**112,775**	**854,035**

1 Cash salary and fees: Includes movements in annual leave entitlements

2 Equity settled options: The value of options granted is expensed over the vesting period and are a non-cash accounting expense.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
	2023	2022	2023	2022	2023	2022
Non-executive director						
Anthony Rowlinson	100%	-	-	-	-	-
Jarrod Milani	76%	80%	-	-	24%	20%
Justin O'Sullivan	100%	-	-	-	-	-
Executive director						
Marcus Brown	79%	81%	-	-	21%	19%
Key Management Personnel						
Sam Fraser	96%	80%	-	-	4%	4%

Cash bonuses (STIs) are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures as described above.

Directors' report

Continued

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
	2023	2022	2023	2022
Executive Directors				
Marcus Brown	-	-	100%	100%
Jarrod Milani	-	-	100%	100%
Key Management Personnel				
Sam Fraser	-	67%	100%	33%

(c) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	**Mark Hardgrave**
Title	Independent, non-executive chairman
Agreement commenced	23 January 2020
Term of agreement	No fixed term
Details	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the consolidated entity or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of their retirement or any unexpired portion of the term of their appointment.

Name	**Colleen Lockwood**
Title	Independent, non-executive director
Agreement commenced	23 January 2020
Term of agreement	No fixed term
Details	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the consolidated entity or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of their retirement or any unexpired portion of the term of their appointment.

Name	**Anthony Rowlinson**
Title	Independent, non-executive chairman
Agreement commenced	1 July 2022
Term of agreement	No fixed term
Details	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the consolidated entity or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of their retirement or any unexpired portion of the term of their appointment.

Name	**Justin O'Sullivan**
Title	Independent, non-executive director
Agreement commenced	1 July 2022
Term of agreement	No fixed term
Details	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the consolidated entity or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of their retirement or any unexpired portion of the term of their appointment.

Name	**Marcus Brown**
Title	Chief Executive Officer and Managing Director
Agreement commenced	1 July 2020
Term of agreement	No fixed term
Details	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the consolidated entity or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of their retirement or any unexpired portion of the term of their appointment.
Termination	12 months' notice by the Executive KMP or by Forbidden Foods without cause, mutually agreed resignation, retirement or other circumstance
Termination by Forbidden Foods for cause	No notice period or termination payment unless the Board determines otherwise. Unvested STI or LTI entitlements lapse.
Post-employment restraints	12 month non-compete and non-solicit restraints in Australia, subject to applicable law.

Directors' report

Continued

Name	Jarrod Milani
Title	Chief Operating Officer and Executive Director
Agreement commenced	1 July 2020
Term of agreement	No fixed term
Details	On termination, resignation, retirement or removal from office for any reason, the Director shall not be entitled to any damages for, or make any claim against the consolidated entity or its officers in relation to, loss of office and, unless expressly agreed by the Board to the contrary, no fee will be payable to the Director in respect of their retirement or any unexpired portion of the term of their appointment.
Termination	12 months' notice by the Executive KMP or by Forbidden Foods without cause, mutually agreed resignation, retirement or other circumstance
Termination by Forbidden Foods for cause	No notice period or termination payment unless the Board determines otherwise. Unvested STI or LTI entitlements lapse.

(d) Share-based compensation

Issue of shares

During the year ended 30 June 2023, there were no issues of ordinary shares to the Directors and other Key Management Personnel as part of their remuneration.

Options

The number of options over ordinary shares granted to and vested by Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2023 are set out below.

	No. of options granted during the year	No. of options granted during the prior year	No. of options vested during the year	No. of options vested during the prior year
Anthony Rowlinson	-	-	-	-
Justin O'Sullivan	-	-	-	-
Marcus Brown	-	-	-	-
Jarrod Milani	-	-	-	-
Sam Fraser		-	-	-

Executive options terms

(e) Relationship between the remuneration policy and company performance

Remuneration of executives consists of an unrisked element (base pay) as well as short- and long-term incentives. Short-term incentives are linked to specific KPIs and are paid in cash. The short-term incentives ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

(f) Key management personnel disclosures

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at 30 June 2022	Acquired	Disposals/ Other	Balance at 30 June 2023
Mark Hardgrave	413,795	-	413,795	-
Colleen Lockwood	76,439	-	-	76,439
Anthony Rowlinson	-	-	-	-
Justin O'Sullivan	-	-	-	-
Marcus Brown	9,334,811	4,496,566	-	13,831,377
Jarrod Milani	9,427,811	93,000	-	9,950,895
Sam Fraser	175,000	75,000	-	250,000

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below. The terms of these options are discussed in part (d) above.

Directors' report

Continued

	Balance at 30 June 2022	Granted during the year	Exercised	Expired, forfeited and other changes	Balance at 30 June 2023
Mark Hardgrave	1,000,000	-	-	1,000,000	-
Colleen Lockwood	500,000	-	-	500,000	-
Marcus Brown	1,500,000	-	-	-	1,500,000
Jarrod Milani	1,500,000	-	-	-	1,500,000
Sam Fraser	250,000	-	-	250,000	-

Other transactions with key management personnel and their related parties

There were no other transactions with key management personnel during the period.

This concludes the Remuneration Report, which has been audited.

Indemnification and insurance of officers and auditors

During the year, the consolidated entity has paid insurance premiums to insure each of the directors, and officers of the consolidated entity against liability for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the consolidated entity other than conduct involving a wilful breach of duty in relation to the consolidated entity.

The contract of insurance prohibits disclosure of the nature of the liability covered and the amount of the sum.

The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the consolidated entity or of any related body corporate against a liability incurred in their capacity as an auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the non-audit services provided to the consolidated entity by the Independent Auditor during the year ended 30 June 2023 are disclosed in note 25 of the financial statements.

Shares under option

Unissued ordinary shares of Forbidden Foods Limited under option at the date of this report are as follows:

Number of options	Exercise price	Expiry date
3,250,000	$0.40	30 November 2023
24,788,715	$0.08	31 January 2025
6,750,000	$0.04	16 August 2025

Shares issued on the exercise of options

No shares were issued during the year on exercise of options.

Rounding of amounts

The consolidated entity is an entity of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to the 'rounding off'. Amounts in this report have been rounded to the nearest dollar in accordance with that instrument, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Jarrod Milani
Chair

28 September 2023
Melbourne

Auditor's independence declaration

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FORBIDDEN FOODS LIMITED

In relation to our audit of the financial report of Forbidden Foods Limited for the year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(b) no contraventions of any applicable code of professional conduct.

PKF
PKF
Melbourne, 28 September 2023

Kaitlynn Brady
Kaitlynn Brady
Partner

Consolidated statement of profit or loss and other comprehensive income

Year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	4	3,733,271	6,581,489
Other income	5	39,525	896,451
Expenses			
Changes in inventories		(960,305)	(458,856)
Selling Expenses		77,903	-
Raw materials and consumables used		3,590,401	4,679,978
Employee benefits expense	6	1,789,795	2,268,137
Freight out and distribution expense		684,002	1,148,354
Depreciation and amortisation expense	6	127,719	192,583
Marketing and promotion costs		852,311	1,504,935
Occupancy costs		61,955	106,324
Professional services		461,484	704,506
Corporate expenses		169,592	131,289
Finance costs	6	34,867	27,316
Fair Value Remeasurement Expense	13	38,268	-
Impairment of Intangible Assets	15	1,648,745	-
Other expenses		851,824	854,662
Loss before income tax expense		**(5,655,765)**	**(3,681,288)**
Income tax benefit	7	99,919	-
Loss after income tax expense for the year		**(5,555,846)**	**(3,681,288)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	21	2,886	4,820
Total comprehensive loss for the year		**(5,552,960)**	**(3,676,468)**
Loss per share			
Basic (cents per share)	32	(4.66)	(3.84)
Diluted (cents per share)	32	(4.66)	(3.84)

The above consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	351,986	2,297,588
Trade and other receivables	9	256,391	768,490
Inventories	10	514,727	1,475,032
Income Tax Receivable	11	32,050	-
Assets held for sale	13	22,001	-
Other assets	12	61,191	60,196
Total current assets		**1,238,346**	**4,601,306**
Non-current assets			
Property, plant and equipment	14	3,866	91,172
Intangible assets	15	1,409,360	3,109,991
Right-of-use assets	16	-	50,912
Other assets	12	-	10,831
Total non-current assets		**1,413,226**	**3,262,906**
Total assets		**2,651,572**	**7,864,212**
Liabilities			
Current liabilities			
Trade and other payables	17	753,542	1,365,553
Employee benefits	18	116,068	308,166
Lease liabilities	19	-	66,818
Total current liabilities		**869,610**	**1,740,537**
Non-current liabilities			
Employee benefits	18	7,207	15,783
Lease liabilities	19	-	-
Total non-current liabilities		**7,207**	**15,783**
Total liabilities		**876,817**	**1,756,320**
Net assets/(liabilities)		**1,774,755**	**6,107,892**
Equity			
Issued capital	20	16,428,304	15,346,088
Reserves	21	840,903	700,410
Retained losses	22	(15,494,452)	(9,938,606)
Total equity		**1,774,755**	**6,107,892**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2023

Consolidated	Issued capital (Note 11) $	Reserves (Note 20) $	Retained losses $	Total equity $
Balance at 1 July 2022	**15,346,088**	**700,410**	**(9,938,606)**	**6,107,892**
Loss for the period	-	-	(5,555,846)	(5,555,846)
Other comprehensive income	-	2,886	-	2,886
Total comprehensive income/(loss)	-	2,886	(5,555,846)	(5,552,960)
Transactions with owners:				
Contributions of equity, net of transaction costs	1,082,216	-	-	1,082,216
Share-based payments	-	137,607	-	137,607
Balance at 30 June 2023	**16,428,304**	**840,903**	**(15,494,452)**	**1,774,755**

Consolidated	Issued capital $	Reserves $	Retained losses $	Total equity $
Balance at 1 July 2021	**8,731,675**	**582,815**	**(6,257,318)**	**3,057,172**
Loss for the period	-	-	(3,681,288)	(3,681,288)
Other comprehensive income	-	4,820	-	4,820
Total comprehensive income/(loss)	-	4,820	(3,681,288)	(3,676,468)
Transactions with owners:				
Contributions of equity, net of transaction costs	5,414,413	-	-	5,414,413
Issue of shares to the vendor as part consideration for the Blue Dinosaur acquisition	1,200,000	-	-	1,200,000
Share-based payments	-	112,775	-	112,775
Balance at 30 June 2022	**15,346,088**	**700,410**	**(9,938,606)**	**6,107,892**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		4,444,332	6,553,586
Payments to suppliers and employees		(7,572,178)	(8,918,385)
Income taxes received		67,869	(6,276)
Other income		73,204	84,750
Net cash used in operating activities		**(2,986,773)**	**(2,286,355)**
Cash flows from investing activities			
Payments for intangibles		(64,194)	(91,217)
Payments for property, plant and equipment		(1,154)	(59,893)
Payments for business acquisition, net of cash acquired		-	(1,584,684)
Proceeds from disposal of property, plant and equipment		32,592	2,600
Other investing cashflows		-	(102,280)
Net cash used in investing activities		**(32,756)**	**(1,835,474)**
Cash flows from financing activities			
Proceeds from issue of shares		1,300,350	5,816,499
Interest Received		-	449
Finance costs		(34,308)	(11,678)
Capital raising costs		(135,712)	(401,086)
Repayment of lease liabilities (principal and interest)		(56,334)	(133,033)
Net cash from financing activities		**1,073,996**	**5,271,151**
Net increase in cash and cash equivalents		(1,945,533)	1,149,322
Cash and cash equivalents at the beginning of the financial year		2,297,588	1,149,060
Effects of exchange rate changes on cash and cash equivalents		(69)	(794)
Cash and cash equivalents at the end of the financial year	8	**351,986**	**2,297,588**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2023

Note 1. General information

These are the consolidated financial statements of Forbidden Foods Limited (the 'company'), comprising the company and the entities is controlled at the end of, or during the year ended 30 June 2023 (the 'consolidated entity').

Forbidden Foods Limited is a public company limited by shares, incorporated and domiciled in Australia.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, with no material impact.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any early adoption would have resulted in no material impact.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(a) Going concern

The consolidated financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity recorded a net loss for the year ended 30 June 2023 of $5,555,846 (2022: $3,681,288), and operating cash outflows of $2,986,773 (2022: $2,286,385).

The directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern, and that it is appropriate to adopt the going concern basis in the preparation of the financial report, after consideration of the factors noted within this report.

In assessing the consolidated entity as a going concern, the directors have considered the following:

- The August 2023 share placement that raised $730,000, together with further firm commitments received to raise an additional $300,000, subject to shareholder approval at the Company's 2023 AGM, for a total Placement amount of $1.03m
- Improved sales performance post Balance Date
- Existing and ongoing cost savings measures including reduction of head count
- Setting a cashflow forecast for FY24 that, if met, alleviates any going concern risks

In addition, were sales forecasts not to be met, the Directors also considered financing options for the Company including the the ability to go back to shareholders for further support and utilise existing trade finance facilities (at 30 June 2023 there was $1.276m in unused financing facilities available to the consolidated entity) and expand the amount of finance facilities available.

Notes to the financial statements

Continued

As at 30 June 2023, the consolidated entity had a net asset position of $1,774,755 (2022: $6,107,892). The directors

regularly monitor the consolidated entity's cash position on an ongoing basis and the consolidated entity has demonstrated a track record of raising capital and funding as and when required, including completing two capital raises totalling $7,116,849 before costs, across the years ended 30 June 2022 and 30 June 2023.

In the event the above assumptions and forecasts are not achieved as contemplated, there is a material uncertainty that the consolidated entity will be able to continue as a going concern which may require the consolidated entity to realise assets at amounts different to those recorded in the consolidated statement of financial position and settle its liabilities other than in the ordinary course of operations and make provision for other costs which may arise as a result of cessation or curtailment of normal business operations.

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

(c) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3 and within the financial statement notes to which they relate.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Forbidden Foods Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended. Forbidden Foods Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Operating segments

The consolidated entity has only one operating segment, being the provision of goods to customers in the food and beverage industry operating within retail, foodservice, food manufacturing and quick service restaurants. This operating segment has been determined based on how the consolidated entity's management team (the chief operating decision-makers) reviews financial performance. Therefore, as the results are the same as the consolidated entity they have not been repeated.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Forbidden Foods Limited's functional and presentation currency.

(a) Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates where this approximates the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined within the financial statement notes to which they relate.

Notes to the financial statements

Continued

Note 4. Revenue

	2023 $	2022 $
Revenue from contracts with customers		
Sale of goods	3,733,271	6,581,489
Total revenue	**3,733,271**	**6,581,489**

Disaggregation of revenue from contracts with customers is as follows:

	2023 $	2022 $
Geographical regions		
Australia and New Zealand	3,629,846	6,041,002
China and South-East Asia	-	497,082
United States	103,425	43,405
Total revenue	**3,733,271**	**6,581,489**

Significant accounting policies relating to revenue

Revenue recognition

The consolidated entity recognised revenue as follows:

(a) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(b) Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken ownership of the goods, which is generally at the time of delivery unless otherwise agreed.

Significant accounting estimates and assumptions

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the point of sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

For some customers, goods are sold on an ex works basis, whereby the point of delivery is deemed to be when the consolidated entity makes the goods available at a designated location. It is deemed the consolidated entity has fulfilled its obligations at such time the consolidated entity notifies the customer the goods are available at the designated location.

Note 5. Other income

	2023 $	2022 $
Government grants and tax incentives	73,200	84,750
Profit/(loss) on disposal of property, plant and equipment	(35,873)	2,700
Derecognise provision for earnout on acquisition of Blue Dinosaur Pty Ltd	-	800,000
Other income	2,198	9,001
Total other income	**39,525**	**896,451**

Significant accounting policies relating to other income

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the financial statements

Continued

Note 6. Expenses

	2023 $	2022 $
Loss before income tax includes the following specific items:		
Employee benefits expense		
Salaries and wages	1,455,839	1,741,560
Superannuation	162,405	180,230
Share-based payments	137,607	112,775
Non-executive director fees	111,673	109,091
Annual Leave and Long Service Leave movements	(138,421)	64,685
Other employee related expenses	60,692	59,796
Total employee benefits expense	**1,789,795**	**2,268,137**
Depreciation and amortisation expense		
Depreciation of right-of-use assets	50,912	124,800
Depreciation of plant and equipment	20,996	27,202
Amortisation of intangible assets	55,811	40,581
Total depreciation and amortisation expense	**127,719**	**192,583**
Finance costs		
Debtor finance fees	15,881	5,870
Interest on lease liabilities	5,406	15,638
Trade finance fees	13,540	3,709
Other interest	40	2,099
Total finance costs	**34,867**	**27,316**

Note 7. Income tax expense

	2023 $	2022 $
Income tax benefit / (expense)		
Current tax benefit	99,919	-
Aggregate income tax benefit / (expense)	**99,919**	**-**
Reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(5,467,134)	(3,681,288)
Tax at the statutory rate of 25% (2022: 25%)	(1,366,784)	(920,322)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-allowable expenses	-	(73,573)
Income tax benefit associated with Blue Dinosaur Pty Ltd acquisition	99,919	
Tax losses and other timing differences for which no DTA is recognised	(1,366,784)	993,895
Income tax (expense) / benefit	**99,919**	**-**

Note 8. Cash and cash equivalents

	2023 $	2022 $
Cash on hand	865	1,215
Cash at bank	351,121	2,266,320
Term deposit	-	30,053
Total cash and cash equivalents	**351,986**	**2,297,588**

Significant accounting policies relating to cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

Continued

Note 9. Trade and other receivables

	2023 $	2022 $
Trade receivables	214,842	706,504
GST refundable	31,201	34,619
Property bond	10,348	27,367
Total trade and other receivables	**256,391**	**768,490**

Significant accounting policies relating to trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Significant accounting judgements, estimates and assumptions

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 10. Inventories

	2023 $	2022 $
Stock in transit	33,376	-
Stock on hand	481,351	1,475,032
Total inventories	**514,727**	**1,475,032**

The consolidated entity imports stock from overseas on Free on Board ('FOB') terms which means the consolidated entity assumes the risks and takes ownership of the stock once the seller ships the product. Once the stock arrives in a warehouse in Australia, the consolidated entity recognises the amounts as stock on hand.

Significant accounting policies relating to inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value on an average cost basis. Cost comprises of direct materials and delivery costs, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchases and delivery costs, net of rebates and discounts received or receivable.

Net realised value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Significant accounting judgements, estimates and assumptions

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Notes to the financial statements

Continued

Note 11. Income Tax Receivable

	2023 $	2022 $
Income Tax Receivable per Note 7	99,919	-
Less: Refund paid by Australian tax Office	(67,869)	-
Total Future Income Tax Benefit	**32,050**	**-**

Note 12. Other assets

	2023 $	2022 $
Current		
Prepaid expenses	58,592	56,817
Other	2,599	3,379
Total other current assets	**61,191**	**60,196**
Non-current		
Bonds	-	10,831
Total other non-current assets	**-**	**10,831**

Note 13. Assets Held for Sale

	2023 $	2022 $
Trademarks	9,621	-
Website	12,380	-
Total intangibles	**22,001**	**-**

Reconciliations of the written down values at the beginning and end of the current financial year is set out below:

	Trademarks $	Website $	Total $
Balance at 1 July 2022	-	-	-
Reclassification from Intangibles (refer Note 15 below)	26,354	33,915	60,269
Fair value remeasurement	(16,733)	(21,535)	(38,268)
Balance at 30 June 2023	**9,621**	**12,380**	**22,001**

The fair value remeasurement expense reflects the post balance date event that on 31 July 2023 Forbidden Foods (Australia) Pty Ltd sold the Sensory Mill® brand via an Intellectual Property asset sale to Miao House Pty Ltd for $22,001.

Note 14. Property, plant and equipment

	2023 $	2022 $
Plant and equipment – at cost	21,729	150,245
Less: Accumulated depreciation	(17,863)	(59,073)
Total property, plant and equipment	**3,866**	**91,172**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $
Balance at 1 July 2021	55,104
Additions	63,359
Disposals	(89)
Depreciation	(27,202)
Balance at 30 June 2022	**91,172**
Balance at 1 July 2022	91,172
Additions	1,154
Disposals	(69,468)
Depreciation	(19,392)
Balance at 30 June 2023	**3,866**

Significant accounting policies relating to property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing-value basis to write off the cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment 5-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Accounting estimates and assumptions

Estimation of useful lives of property, plant and equipment assets

The consolidated entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment assets. The useful lives could change significantly as a result of technical innovations or other event. The depreciation charge will increase where the useful lives are less than the previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Notes to the financial statements

Continued

Note 15. Intangibles

	2023 $	2022 $
Goodwill	1,386,767	2,926,217
Trademarks	22,593	131,756
Website	-	52,018
Total intangibles	**1,409,360**	**3,109,991**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Trademarks $	Website $	Total $
Balance at 1 July 2021	-	62,601	67,188	129,789
Additions	2,926,217	94,567	-	3,020,784
Amortisation expense	-	(25,412)	(15,170)	(40,582)
Balance at 30 June 2022	**2,926,217**	**131,756**	**52,018**	**3,109,991**
Balance at 1 July 2022	2,926,217	131,756	52,018	3,109,991
Additions	-	64,193	-	64,193
Amortisation expense	-	(40,640)	(15,170)	(55,810)
Impairment of intangibles	(1,539,450)	(106,362)	(2,933)	(1,648,745)
Reclassification to Assets held for sale (see note 13 above)		(26,354)	(33,915)	(60,269)
Balance at 30 June 2023	**1,386,767**	**22,593**	**-**	**1,409,360**

Impairment testing of indefinite life intangible assets

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period prepared by management and extrapolated for a further 2 years using a steady rate, together with a terminal value.

As at 30 June 2023, management has assessed the carrying value of goodwill and performed an impairment test. Based on the results of the test impairment charges were not required in the current financial year. Key assumptions are those to which the recoverable amount of an asset is most sensitive. The following key assumptions were used in the discounted cash flow model:

- 18.8% pre-tax discount rate;
- 30.0%-15% growth rate of forecast period's decrementing by 5% each year between Years 2 to 5; and
- 1.62% terminal value growth rate.

Management have made judgements and estimates in respect of impairment testing of goodwill and have undertaken sensitivity analysis on revenue (+/- 10%) in the impairment testing model. Should these judgements and estimates not occur the resulting goodwill carrying amount may be impaired further if the key assumptions were to change.

Note 15. Intangibles (Continued)

Significant accounting policies relating to intangibles

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(a) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(b) Trademarks

Significant costs associated with trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. As the FUNCH band has been discontinued, management have taken the decision to fully impair the trademark asset associated with that brand.

(c) Websites

Significant costs associated with websites are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. As the FUNCH band has been discontinued, management have taken the decision to fully impair the websites asset associated with that brand.

Accounting judgements, estimates and assumptions

Estimation of useful lives of intangible assets

The consolidated entity determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in annual financial report. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Notes to the financial statements

Continued

Note 16. Right-of-use assets

	2023 $	2022 $
Right-of-use assets	-	50,912
Total right-of-use assets	**-**	**50,912**

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period:

	Right-of-use assets $
Balance at 1 July 2021	426,424
Additions	-
Derecognition of option on lease	(250,712)
Depreciation	(124,800)
Balance at 30 June 2022	50,912
Balance at 1 July 2022	**50,912**
Additions	-
Derecognition of option on lease	-
Depreciation	(50,912)
Balance at 30 June 2023	**-**

The consolidated entity rented a warehouse on a month-to-month basis until December 2022. All inventory is now held at distributor warehouses. In line with the consolidated entity's accounting policy, this arrangement was classified as a short-term lease with lease payments expensed to profit or loss as incurred.

Accounting policies relating to right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. This comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease repayments on these assets are expensed to profit or loss as incurred.

Note 16. Right-of-use assets (Continued)

Accounting estimates and assumptions

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 17. Trade and other payables

	2023 $	2022 $
Trade payables	549,483	903,157
Accrued expenses	27,441	76,169
Accrued variable compensation		48,388
PAYG withholding	45,801	87,187
Payroll tax payable	(600)	(3,561)
Superannuation payable	38,212	54,672
Trade finance	33,332	163,836
Other payables	59,873	35,705
Total trade and other payables	**753,542**	**1,365,553**

Significant accounting policies relating to trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measure at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

Notes to the financial statements

Continued

Note 18. Employee benefits

	2023 $	2022 $
Current		
Employee benefits – Annual Leave	96,750	308,166
Employee benefits – Long Service Leave	19,318	-
Total current employee benefits	**116,068**	**308,166**
Non-current		
Employee benefits – Long Service Leave	7,207	15,783
Total employee benefits	**123,275**	**323,949**

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2023 $	2022 $
Employee benefits obligation expected to be settled after 12 months	7,207	24,674
	7,207	**24,674**

Significant accounting policies relating to employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled in full within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 18. Employee benefits (Continued)

Accounting estimates and assumptions

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 19. Lease liabilities

	2023 $	2022 $
Current		
Lease liabilities	-	66,818
Non-current		
Lease liabilities	-	-
Total lease liabilities	**-**	**66,818**

Reconciliations of the carrying amounts of the lease liabilities recognised and the movements during the current and previous financial year are set out below:

	Lease liabilities $
Balance at 1 July 2021	443,747
Accretion of interest	15,638
Derecognition of lease option	(259,534)
Payments	(133,033)
Balance at 30 June 2022	**66,818**
Balance at 1 July 2022	66,818
Accretion of interest	559
Payments	(67,377)
Balance at 30 June 2023	**-**

Notes to the financial statements

Continued

Note 19. Lease liabilities (Continued)

Significant accounting policies relating to lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 20. Issued capital

	2023 $	2022 $
Ordinary shares – fully paid	16,428,304	15,346,088
Total issued capital	**16,428,304**	**15,346,088**

Movements in ordinary share capital during the current and previous financial year are set out below:

	Number of shares	Share capital $
Fully paid ordinary shares		
Balance at 1 July 2021	75,000,999	8,731,675
Issue of ordinary shares – Acquisition of Blue Dinosaur Pty Ltd	4,166,667	1,200,000
Issue of ordinary shares – Placement Tranche 1	14,583,580	3,500,059
Issue of ordinary shares – Placement Tranche 2	8,333,085	1,999,940
Issue of ordinary shares – Share Purchase Plan	1,318,771	316,500
Deregistration of Forbidden Foods Property Holdings Pty Ltd	-	(1,000)
Share issue costs	-	(401,086)
Balance at 30 June 2022	**103,403,102**	**15,346,088**
Issue of ordinary shares –		
Issue of ordinary shares – Placement 1 Tranche 1	25,850,775	917,703
Issue of ordinary shares – Placement 1 Tranche 2	3,726,670	132,297
Issue of ordinary shares – Placement 2 Tranche 1	13,750,000	251,350
Share issue costs	-	(219,134)
Balance at 30 June 2023	**146,730,547**	**16,428,304**

Note 20. Issued capital (Continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. No dividends were declared or paid during the year.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Significant accounting policies relating to issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 21. Reserves

	2023 $	2022 $
Foreign currency translation reserve	8,815	5,929
Share-based payments reserve	832,088	694,481
Total reserves	**840,903**	**700,410**

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2021	1,109	581,706	582,815
Foreign currency translation	4,820	-	4,820
Share-based payments – key management personnel	-	112,775	65,782
Balance at 30 June 2022	**5,929**	**694,481**	**700,410**
Balance at 1 July 2022	5,929	694,481	700,410
Foreign currency translation	2,886	-	-
Share-based payments – key management personnel	-	137,607	137,607
Balance at 30 June 2023	**8,815**	**832,088**	**840,903**

Foreign currency reserve

The reserve is used to recognise exchange rate differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Notes to the financial statements

Continued

Note 21. Reserves (Continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to non-executive directors as part of their remuneration.

Equity-settled share-based payments are provided to directors and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rending of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the directors or employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 22. Retained losses

	2023 $	2022 $
Retained losses at the beginning of the financial year	(9,938,606)	(6,257,318)
Loss after income tax expense for the year	(5,555,846)	(3,681,288)
Total retained losses	**(15,494,452)**	**(9,938,606)**

Note 23. Financial instruments

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

	2023 $	2022 $
Financial assets		
Cash and cash equivalents	351,986	2,297,588
Trade and other receivables	256,391	768,490
	608,377	**3,066,078**
Financial liabilities		
Trade and other payables	753,542	1,365,553
Lease liabilities	-	66,818
	753,542	**1,432,371**

Significant accounting policies relating to financial instruments

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

(a) Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements

Continued

Note 23. Financial instruments (Continued)

The consolidated entity's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in the statement of profit or loss.

(b) Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due and the cash flows the consolidated entity expects to receive. Any shortfall is discounted at an approximation to the asset's original effective interest rate. The consolidated entity applies AASB 9's simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables.

Financial liabilities

The consolidated entity measures all financial liabilities initially at fair value less transaction costs, subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the consolidated entity comprise trade payables and borrowings.

Financial risk management objectives

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks for the consolidated entity and reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

The consolidated entity has not entered into any forward foreign exchange contracts to protect against exchange rate movements.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provision for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statement. The consolidated entity does not hold any collateral.

Note 23. Financial instruments (Continued)

The consolidated entity has adopted a lifetime expected credit loss allowance in estimating expected credit losses to trade receivables through the use of fixed rates of credit loss provisioning which are periodically reassessed by management. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity does not hold any guarantee in relation to any specific receivables but management closely monitors the receivables balance of each customer on a monthly basis and is in regular contact with customers to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a payment plan and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and finance facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	2023	2022
Australian dollars	**AUD $**	**AUD $**
Credit cards	30,030	49,599
Debtor factoring facilities	996,541	1,045,955
Trade finance facilities	249,853	86,164
	1,276,424	**1,181,718**
New Zealand dollars	**NZD $**	**NZD $**
Bank overdraft	-	10,000
	-	**10,000**

The debtor financing facility is $1,000,000 and trade finance facility is $250,000. The difference to the balances in the table above reflect fees incurred on each facility as at 30 June 2023.

Remaining contractual liabilities

All financial instruments have remaining contractual maturities which settle within 1 year or less.

All amounts for current and previous financial year are equal to their carrying value per the statement of financial position.

Notes to the financial statements

Continued

Note 24. Key management personnel disclosures

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2023 $	2022 $
Short-term employee benefits	592,380	671,545
Post-employment benefits	68,029	63,048
Long-term benefits	3,350	6,667
Share-based payments	112,775	112,775
Total compensation to key management personnel	**776,534**	**854,035**

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Melbourne, the auditor of the company and its network firms:

	2023 $	2022 $
PKF Melbourne		
Audit or review of the financial statements	66,244	51,000
Review in relation to the acquisition of Blue Dinosaur Pty Ltd	-	16,500
Due diligence	-	25,000
Taxation services	15,500	17,550
Other services	-	2,425
	81,744	**112,475**
Network firms		
Taxation services	-	5,614
	-	**5,614**
	81,744	**118,089**

Note 26. Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 27. Related party transactions

Parent entity

Forbidden Foods Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Note 27. Related party transactions (Continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the year ended 30 June 2023.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current or previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity:

Statement of profit or loss and other comprehensive income

	2023 $	2022 $
Profit/(loss) after income tax	(1,061,948)	128,642
Total comprehensive profit/(loss)	(1,061,948)	128,642

Statement of financial position

	2023 $	2022 $
Total current assets	247,561	1,745,534
Total assets	11,869,165	11,659,020
Total current liabilities	163,320	111,049
Total liabilities	163,320	111,049
Total equity	11,705,845	11,547,971

Significant accounting policies relating to the parent entity

The accounting policies of the parent entity are consistent with those of the consolidated entity, as described in note 2.

Notes to the financial statements

Continued

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the group's accounting policies:

		Ownership interest	
Name	**Principal place of business/ Country of incorporation**	**2023 %**	**2022 %**
Blue Dinosaur Pty Ltd	Australia	100.00	100.00
Forbidden Foods (Australia) Pty Ltd	Australia	100.00	100.00
Forbidden Foods (New Zealand) Limited	New Zealand	-	100.00
Forbidden Foods (USA) Inc.	United States of America	100.00	100.00
Forbidden Foods (US) LLC	United States of America	100.00	100.00

On 2 March 2023, a dormant subsidiary of the consolidated entity, Forbidden Foods (New Zealand) Limited was voluntarily wound up.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	2023 $	**2022 $**
Loss after income tax expense for the year	(5,555,846)	(3,681,288)
Adjustments for:		
Depreciation and amortisation expenses	127,719	192,583
Impairment of intangibles	1,648,745	-
Fair Value Remeasurement Expense	38,268	-
Share-based payments	137,607	112,775
Finance costs	34,867	27,765
Foreign exchange differences	4,631	3,545
Acquisition Costs	-	102,280
Derecognition of earnout on acquisition of Blue Dinosaur Pty Ltd	-	(800,000)
Net(loss/(gain) on disposal of non-current assets	35,873	(2,700)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	512,099	(77,209)
(Increase)/decrease in inventories	960,305	1,301,479
(Increase)/decrease in other assets	(46,520)	1,285
Increase/(decrease) in payables	(612,011)	468,445
Increase/(decrease) in employee benefits	(200,764)	64,685
Net cash used in operating activities	**(2,986,773)**	**(2,286,355)**

Note 31. Subsequent events

Since 30 June 2023, the following events have occurred:

On 1 July 2023, the consolidated entity advised it had appointed Alex Aleksic as Managing Director and CEO, effective 1 July 2022. Tony Rowlinson stood down as Executive Chair of the company and resigned as a director, and Non-Executive Director, Jarrod Milani transitioned to the role of Non-Executive Chairman.

On 31 July 2023 Forbidden Foods (Australia) Pty Ltd sold the Sensory Mill® brand via an Intellectual Property asset sale to Miao House Pty Ltd for $22,000.

On 9 August 2023, the consolidated entity advised that it received firm commitments for a Share Placement ('Placement') of approximately 36.68 million new fully paid ordinary shares ("Shares") in the Company at $0.02 per Share to raise approximately $0.73m, with further commitments to raise an additional $300,000, subject to shareholder approval at the Company's 2023 AGM, for a total Placement amount of $1.03m.

Funds raised will be used to accelerate sales with key retailers and drive brand awareness in the US and Australia for the Company's leading range of Blue Dinosaur® healthy snack food products and the company will also allocate capital to the strategic build-up of Blue Dinosaur® inventory holdings to fulfil future purchase orders.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

Note 32. Loss per share

	2023 $	2022 $
Net loss attributable to the owners of Forbidden Foods Limited	(5,555,846)	(3,681,288)
	(5,555,846)	**(3,681,288)**

	2023 No.	2022 No.
Weighted average number of ordinary shares for calculating basic and diluted loss per share	119,210,846	95,811,616
Weighted average number of ordinary shares for calculating basic and diluted loss per share	**119,210,846**	**95,811,616**

	2023 Cents	2022 Cents
Basic loss per share	(4.66)	(3,84)
Diluted loss per share	(4.66)	(3.84)

Notes to the financial statements

Continued

Note 32. Loss per share (Continued)

Significant accounting policies relating to loss per share

The consolidated entity presents basic and diluted loss per share (LPS) data for its ordinary shares.

(a) Basic loss per share

Basic LPS is calculated by dividing the net loss attributable to the owners of Forbidden Foods Limited by the weighted average number of ordinary shares on issue during the period.

(b) Diluted loss per share

Diluted LPS is determined by adjusting the net loss attributable to the owners and the weighted average number of ordinary shares on issue for the effects of all potential dilution to ordinary shares. Instruments are only treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase the loss per share.

Note 33. Share-based payments

Options granted during the current and previous financial year are set out below:

	Number of options	Weighted average exercise price $
Balance at 1 July 2021	8,750,000	0.33
Granted during the year	-	-
Exercised during the year	-	-
Forfeited/expired during the year	-	-
Balance at 30 June 2022	**8,750,000**	**0.33**
Balance at 1 July 2022	8,750,000	0.33
Granted during the year	-	-
Exercised during the year	-	-
Forfeited/expired during the year	-	-
Balance at 30 June 2023	**8,750,000**	**0.33**

Significant accounting judgements, estimates and assumptions

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 34. Business combinations

On 30 September 2021, Forbidden Foods Limited acquired 100% of the ordinary shares of Blue Dinosaur Pty Ltd ("Blue Dinosaur"), a health focused bar and snacking company which targets the active and health-conscious millennial demographic.

Details of the acquisition are as follows:

	Fair value $
Consideration transferred	
Amount settled in cash, after net debt and working capital adjustment	1,787,427
Fair value of ordinary shares issued	1,200,000
Fair value of contingent consideration	800,000
Fair value of consideration transferred	**3,787,427**
Fair values of the identifiable net assets	
Cash and cash equivalents	202,743
Trade and other receivables	170,199
Inventories	799,599
Property, plant and equipment	3,377
Intangible assets	3,350
Trade and other payables	(191,972)
Employee benefits	(117,955)
Income tax payable	(6,276)
Other liabilities	(1,855)
Net assets acquired	861,210
Provisional goodwill	2,926,217
Acquisition-date fair value of the total consideration transferred	**3,787,427**

(a) Consideration transferred

The acquisition was settled in cash of $1,787,427 and by issuing 4,166,667 ordinary shares in Forbidden Foods Limited.

The fair value of the ordinary shares issued was based on the five day volume weighted average price prior to the share purchase agreement date, 6 September 2021.

(b) Identifiable net assets

The fair value of trade receivables acquired as part of the business combination amounted to $170,199. The gross contractual amount for trade receivables due is $180,830, of which $10,631 is not expected to be collected.

Notes to the financial statements

Continued

Note 34. Business combinations (Continued)

(c) Goodwill

Goodwill of $2,926,217 was primarily related to the company's growth expectations through customer expansion.

The goodwill that arose from this business combination is not deductible for tax purposes.

(d) Contingent consideration

The share purchase agreement included a contingent consideration element by way of an earn-out structure based upon the revenue in the 12 months commencing from the acquisition completion date exceeding $3,750,000. The earnout consideration totals $800,000 cash and is payable within 30 calendar days after the earnout revenue target is achieved and verified. At the date of the acquisition, the Board and management assessed the likelihood of achieving the relevant revenue target as more likely than not with $800,000 contingent consideration recognised (classified as current).

At 30 June 2022, management reassessed the likelihood of achievement of the earn-out target with the analysis resulting in the earnout target not been achieved. In accordance with the consolidated entity's accounting policies relating to business combinations, the subsequent change in the fair value of the contingent consideration has been recognised in profit or loss.

(e) Contribution to the consolidated entity's results

Blue Dinosaur contributed revenues of $2,078,339 to the consolidated entity from the date of the acquisition to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contribution would have been revenues of $2,635,080.

(f) Acquisition-related costs

Acquisition-related costs amounting to $102,280 have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of professional services and corporate expenses.

Significant accounting policies relating to business combinations

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Significant accounting judgements, estimates and assumptions

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Alex Aleksic
Managing Director

28 September 2023

Independent auditor's report

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORBIDDEN FOODS LIMITED

Report on the Financial Report

Auditor's Opinion

We have audited the accompanying financial report of Forbidden Foods Limited (the Company) and its controlled entities (collectively the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company and of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Forbidden Foods Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2(a) in the financial report, which comments on conditions, including the current financial loss, along with other matters and assumptions set forth therein indicating that a material uncertainty exists that may cast doubt on the consolidated entity's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate

Independent auditor's report

opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	*How our audit addressed this matter*
Impairment of goodwill and indefinite life intangible assets As at 30 June 2023, the carrying value of goodwill totalled $1,386,767 (30 June 2022: $2,926,217). The accounting policy in respect of this asset is outlined in note 15. An annual impairment test for indefinite life intangible assets is required under AASB 136 *Impairment of Assets*. Management's testing has been performed using a discounted cash flow model (Impairment Model) to estimate the value-in-use of the Cash Generating Unit (CGU) to which the goodwill has been allocated. The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgement in determining key assumptions, which include: • 5-year cash flow forecast; • growth rate and terminal growth factor; and • discount rate. The outcome of the impairment assessment could vary if different assumptions were applied. Current testing led to the impairment of $1,539,450 of goodwill during the financial year. The evaluation of the recoverable amount of the CGU to which the goodwill has been allocated is an area of significant Management estimation and judgement, and a Key Audit Matter.	Our procedures included, but were not limited to, assessing and challenging: • the appropriateness of Management's determination of the CGU to which goodwill is allocated; • the reasonableness of the financial year 2024 budget approved by the Directors, comparing to current actual results, and considering trends, strategies and outlooks; • the testing of inputs used in the Impairment Model, including the approved budget; • the determination of the discount rate applied in the Impairment Model, comparing to available industry data; • the short to medium term growth rates applied in the forecast cash flow, considering historical results, business strategies and available industry data; • the arithmetic accuracy of the Impairment Model; • Management's sensitivity analysis around the key drivers of the cash flow projections, to consider the likelihood of such movements occurring sufficient to give rise to an impairment; and • the appropriateness of the disclosures including those relating to sensitivities in assumptions used in note 15.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent auditor's report

If based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the consolidated entity audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Auditor's Opinion

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Company for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF
Melbourne, 28 September 2023

Kaitlynn Brady
Partner

Shareholder information

The shareholder information set out below was applicable as at 16 August 2023.

A. Distribution of equity securities

Analysis of number of equitable security holders by size of holding:

Holding ranges	Number of holders	Issued share capital %
1 to 1,000	36	0.01%
1,001 to 5,000	634	0.98%
5,001 to 10,000	267	1.33%
10,001 to 100,000	466	9.93%
100,001 and over	156	87.76%
Total	**1,559**	**100.00**

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holder name	Number of securities	Issued share capital %
TUWHERA TE RANGI LTD	18,918,560	11.14%
MKB FAMILY INVESTMENTS PTY LTD <MKB FAMILY A/C>	15,081,377	8.88%
MILANI FAMILY INVESTMENTS PTY LTD <MILANI FAMILY A/C>	9,950,895	5.86%
SCINTILLA STRATEGIC INVESTMENTS LIMITED	5,000,000	2.94%
MR MARK BUTLER & MRS LYNDA RAE BUTLER	4,990,049	2.94%
TINDALLS TRUSTEE LIMITED <DUNN FAMILY A/C>	4,004,702	2.36%
CITICORP NOMINEES PTY LIMITED	3,272,392	1.93%
MR MARK JAMES KLOSE & MRS BELINDA ANNE KLOSE <KLOSE FAMILY SUPER FUND A/C>	3,000,000	1.77%
B F A PTY LTD	2,770,298	1.63%
DEMASIADO PTY LTD <DEMASIADO FAMILY A/C>	2,500,000	1.47%
MFA CAPITAL PTY LTD <T & J ADAMS SUPER FUND A/C>	2,500,000	1.47%
DIGGING LION PTY LTD <ADAM & VICTORIA SOFFER A/C>	2,489,283	1.47%
SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	2,133,334	1.26%
MR MARK JAMES KLOSE	2,000,000	1.18%
MR ROGER ALTER	2,000,000	1.18%
MADAM SUAT CHIN KOH	1,985,137	1.17%
TR NOMINEES PTY LTD	1,829,703	1.08%
D J MARWOOD PTY LTD <D J MARWOOD SUPER FUND A/C>	1,798,859	1.06%
TECHINVEST HOLDINGS PTY LTD <ANM A/C>	1,704,225	1.00%
IT INVEST PTY LTD	1,700,000	1.00%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,524,574	0.90%
TALMALMO INVESTMENTS PTY LTD	1,505,186	0.89%
Total	**92,658,574**	**54.56%**

Shareholder information

Continued

Substantial holders

The names of substantial security holders of quoted equity securities are listed below:

	Number of securities	Issued share capital %
TUWHERA TE RANGI LTD	18,918,560	11.14%
MILANI FAMILY INVESTMENTS PTY LTD <MILANI FAMILY A/C	9.950,815	5.86%
MKB FAMILY INVESTMENTS PTY LTD <MKB FAMILY A/C>	9,901,284	5.83%
Total	**38,770,659**	**22.83%**

C. Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	37,038,715	38
Total	**37,038,715**	**38**

Corporate directory

Principal place of business

16/663 Victoria Street
Abbotsford VIC 3067

Directors

Jarrod Milani (Non-Executive Chair)

Alex Aleksic (Managing Director)

Katie Eshuys (Non-Executive Director)

Marcus Brown (Director)

Company Secretary

Lucy Rowe

Auditor

PKF Melbourne Audit & Assurance Pty Ltd

Level 12, 440 Collins Street
Melbourne VIC 3000

Registry

Automic Pty Ltd

Level 5, 126 Phillip Street
Sydney NSW 2000}
Telephone: 1300 288 664

Investor Enquiries and correspondence

Forbidden Foods Limited

PO Box 313
Ormond VIC 3204

Telephone: 1300 778 061
Website: www.forbiddenfoods.com.au
Email: info@forbiddenfoods.com.au

Stock exchange listing

Forbidden Foods Limited securities are listed on the Australian Securities Exchange (ASX) forbidden®

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