

ASX Announcement

Forbidden Foods Limited ASX: FFF

21 February 2024

FY2024 Interim Report: Strongest half-year earnings performance since IPO driven by execution of new strategy

Key Highlights

- *Net loss before tax of (\$1.085m) – a 103.9% improvement on the PCP (\$2.212m) and a 217.4% loss reduction from H2 FY2024 (\$3.444m)*
- *Highlights the best half year earnings performance since the Company's IPO in September 2020 and follows appointment of new management team*
- *Result reflects execution of a strategic restructure set out by the new management at the commencement of H1 FY2024, with an immediate near-term focus on material improvements to operating efficiencies and a commensurate reduction in staff and manufacturing costs*
- *Record half-year net loss result was achieved with a 42% reduction in group revenues to \$1.463m, highlighting the scale of cost savings achieved in H1 FY2024 following the appointment of Alex Aleksic as CEO on 30 June 2023*
- *Half-year revenues partly reflected by new management's strategy to pivot away from a previous reliance on high-cost, low-margin contracts and target future growth in high-margin, sustainable channels*
- *Alongside cost reductions, new management also set out targeted strategy to accelerate near term revenue growth with a renewed focus on ecommerce and key staff hires in sales & distribution*
- *Record net earnings result undertaken alongside a \$1.03m share placement at a premium, which was strongly supported by a network of sophisticated and institutional investors*

Forbidden Foods Ltd (ASX: FFF) ("Forbidden Foods" or "the Company") is pleased to provide the following overview of its Interim Report for the half-year ended 31 December 2023 ("H1 FY2024").

During the period, Forbidden Foods reported a net loss before tax of (\$1.085m), reflecting a 103.9% improvement from the prior comparative period (PCP) of (\$2.212m) and a 217.4% loss reduction on the previous half ended 30 June 2023 (\$3.444m).

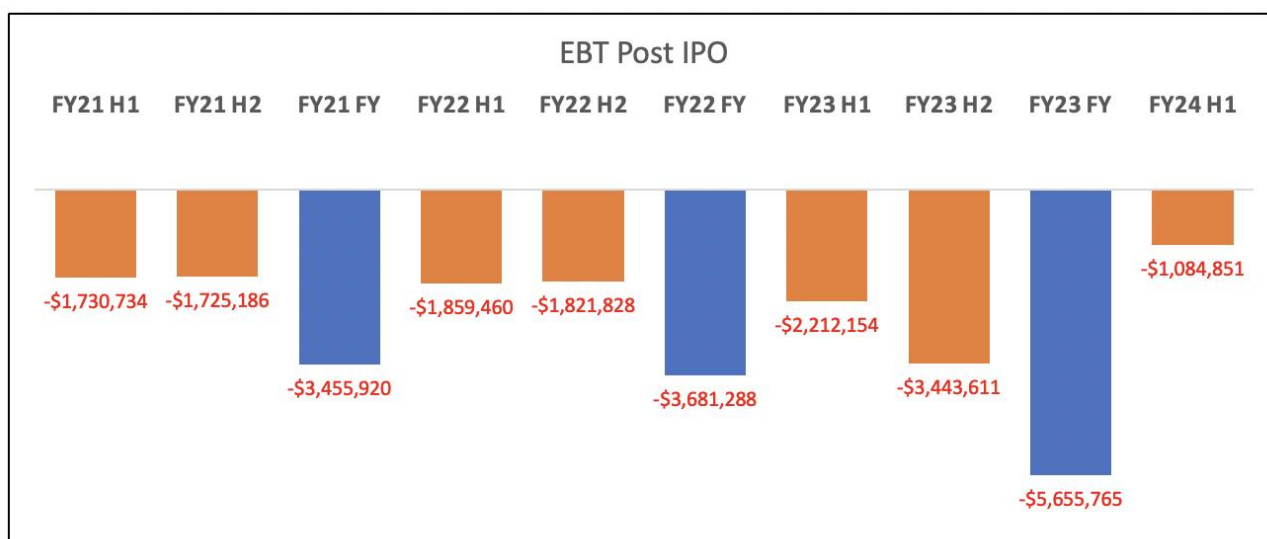
The result marked the lowest net loss and best earnings performance since the Company's IPO on 1 September 2020 and lays a very strong foundation for Forbidden Foods to advance towards profitability in the coming months.

The result was achieved on half-year revenues of \$1.463m, down 42% on PCP. The increase in net earnings from a lower revenue base was achieved through a near-term focus on cost reductions, implemented through a strategic turnaround strategy overseen by CEO Alex Aleksic following his appointment at the commencement of the reporting period (refer ASX Announcement: 30 June 2023).

Management commentary:

Forbidden Foods' Chief Executive Officer, Alex Aleksic said: "The six months to 31 December 2023 marked a period of rapid change for Forbidden Foods, and these results demonstrate how disciplined execution of the group's stated turnaround strategy has laid a strong foundation for future growth."

“The material lift in net group earnings was underpinned by a diligent near-term focus on costs and operating efficiencies, and to achieve our best half-year results since IPO so quickly is a testament the efforts of the current management team and our newly appointed staff at both operational and board level. Just as importantly, we are now putting a framework in place to build off these results where both the flow-on effects of ongoing cost reductions will be complemented by accelerating sales growth in the coming quarters. In that context, these half-year results provide a useful signpost for our investors, with respect to the broader potential of the business and our stated strategy to drive further improvements in net profit.”



Operational Overview

Forbidden Foods successfully executed on several key marketing and distribution initiatives during the period, highlighted by:

- Major sponsorship agreement with the Noosa Triathlon, a top 10 triathlon globally, alongside targeted market research associated with a renewed management focus on ecommerce growth.
- Exclusive distributorship agreement with Raw Distribution Trading LLC for the sale & marketing of Blue Dinosaur products throughout the Gulf Cooperation Council (“GCC”) region, with a focus on the United Arab Emirates.
- Successful product launch for Blue Dinosaur Protein Water – a collagen and whey-based formulation that is targeted at the lucrative global market for low-sugar hydration products.
- Hiring and recruitment of senior staff for sales and distribution, with an experienced sales team well-aligned on strategy and working in pursuit of clearly-defined performance targets.

Corporate Overview

Forbidden Foods announced the appointment of Mr Albert Cheok as Non-Executive Chairman and Mr Nathan Quaily as Non-Executive Director, both effective from 1 January 2024 (refer ASX Announcement: 20 December 2023).

Mr Cheok is a former Chief Manager of the Reserve Bank of Australia, and brings over 40 years of experience in financial services, fast moving consumer goods (FMCG) and equity capital markets.

Mr Quaily is a senior advertising executive who currently serves as Chief Growth Officer of multinational advertising & marketing agency Ogilvy, and has advised extensively in the FMCG sector throughout his career.

Forbidden Foods also successfully completed a Share Placement to raise \$1.03m before costs, comprising the issue of 36,680,000 ordinary shares at \$0.02 to raise approximately \$730,000, along with a Director Share Placement issued at the offer price to raise an additional \$300,000. The Placement was undertaken at a premium to the trading price at the time, highlighting the considerable support Forbidden Foods has generated with investors.

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

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About Forbidden Foods Ltd

Forbidden Foods Ltd (ASX: FFF) is a health & wellness food company. The Company was established with a vision to provide engaging brands that provide the very best foods to meet consumer demand for clean, sustainable and healthy products. The core brand in the portfolio is Blue Dinosaur[®] which is sold in Australia & USA.

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