Forbidden Foods Limited

Appendix 4E

Annual report

Lodged with the ASX under Listing Rule 4.3A

1. Company details

Name of entity:	Forbidden Foods Limited
ABN:	82 616 507 334
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

Year ended 30 June	Movement	%		$
Revenue from ordinary activities	Down	32.3%	to	$2,527,274
Loss after income tax for the year attributable to the owners of Forbidden Foods Limited				$2,326,005
Total comprehensive loss for the year attributable to the owners of Forbidden Foods Limited				$2,330,887

Comments

This year has been a year of significant transformation for Forbidden Foods, with a new management team in place focusing on reducing costs, streamlining our operations, and growing our Blue Dinosaur® brand. We have significantly reduced operational overheads by restructuring our operations and being more selective with our marketing and promotional spending.

The total loss after income tax for the year attributable to the owners of Forbidden Foods Limited amounted to $2,326,005 (2023: $5,555,846). The consolidated entity is supported by a strong balance sheet with net assets at 30 June 2024 of $875,189 (2023: $1,774,755), including a cash balance of $254,728 (2023: $351,986) and inventories of $334,937 (2023: $514,727).

3. Net tangible assets

	2024 Cents	2023 Cents
Net tangible asset backing per share	(0.28)	0.35

Comparatives have not been restated for the changes in issued capital that occurred during the year.

4. Loss per share

	2024 Cents	2023 Cents
Basic loss per share	(1.20)	(4.66)
Diluted loss per share	(1.20)	(4.66)

5. Entities over which control has been gained or lost during the period

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

The results for Forbidden Foods Inc and Forbidden Foods LLC, have been complied using International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

10. Audit qualification or review

This report should be read in conjunction with the annual report.

11. Attachments

The Annual Report of Forbidden Foods Limited for the year ended 30 June 2024 is attached.

12. Signed

On behalf of the directors

Alex Aleksic
Managing Director and Chief Executive Officer

30 August 2024
Melbourne

forbidden FOODS

ACN: 616 507 334

Feeding the world with the world's best

Annual Report 2024

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.

forbiddenfoods.com.au

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Chairman’s Letter

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Forbidden Foods Annual Report for the financial year ended 30 June 2024 (‘FY24’).

The efforts of the new management team over the past 12 months, along with key developments post balance-date, have left Forbidden Foods uniquely positioned as a leading multi-channel FMCG business that now has the potential to unlock significant value in the years ahead.

Heading into FY24, the Board and management put a strategic focus on streamlining operations to drive cost efficiencies, while consolidating the market footprint of our leading Blue Dinosaur range of healthy snack food products.

In presenting the Annual Report, I am pleased to confirm that those operational priorities were backed up by strong execution, starting with the group’s cost drive which resulted in a cumulative annual reduction in net operating cash outflows of $1.510m – a decrease of more than 50%.

Importantly, the savings generated in FY24 are reflective of the Company’s efforts to streamline its manufacturing base, resulting in improved per-unit cost management and the capacity to flexibly scale up to meet demand. In turn, the Company is well positioned to drive growth in FY25 from a lower cost base.

Alongside those cost savings, Forbidden Foods rounded out the year with healthy sales momentum after reporting record monthly highs for both trade sales and ecommerce sales in June 2024. Looking ahead, the Board remains highly confident in the management team’s ability to generate cost savings while also building on our established distribution channels to generate sales growth, complemented by targeted marketing campaigns and new product rollouts.

In addition to its operational momentum, Forbidden Foods also made a significant M&A announcement post balance-date with the strategic acquisition of leading plant-based non-dairy business Oat Milk Goodness (‘OMG’), alongside a capital raise which include funding commitments from the senior management teams of both OMG and Forbidden Foods.

Strategically, the Board concluded that the acquisition represented a unique opportunity to unlock further value through a dual-channel offering where OMG’s leading oat milk products complement Forbidden Foods’ flagship Blue Dinosaur product range.

In summary, this marks a particularly exciting juncture for Forbidden Foods, leveraging the benefits of a combined entity that can integrate the respective strengths of both companies. In the Board’s view, there is now a significant opportunity to transition cost management and stabilisation initiatives to fast-tracked growth in new addressable markets.

I would like to take this opportunity to thank the new management team and our shareholders for their support during what has been a transformational year for the business, firstly through the hard work carried out to reduce operating costs and push towards cash-flow break-even, and secondly through a strategic acquisition that has the potential to re-rate Forbidden Foods into one of the leading FMCG business on the ASX. We look forward to updating our investors in the years ahead as these growth ambitions are realised

Albert Cheok
Non-Executive Chairman

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 2024.

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:

Anthony Rowlinson (appointed 1 July 2022; resigned 1 July 2023)

Alex Aleksic (appointed 1 July 2023)

Jarrod Milani (resigned 1 January 2024)

Katie Eshuys

Marcus Brown

Albert Cheok (appointed 1 January 2024)

Nathan Quailey (appointed 1 January 2024)

Principal activities

The principal activities of the consolidated entity during the financial year consisted of operating a premium food company focusing on the health & wellness markets, with diverse national and international sales channels.

There have been no other significant changes in the nature of the consolidated entity's activities occurred during the year ended 30 June 2024.

Dividends

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

Review of operations

During the 12-month period ended 30 June 2024 ('FY24'), Forbidden Foods Limited (ASX: FFF) ('Forbidden Foods' or the 'Company') achieved a number of major milestones, including optimising its Board and management team and implementing a defined strategy to consolidate sales through key channels while maintaining a stringent focus on cost management. This was undertaken alongside the expansion of the Company's distribution footprint, streamlined manufacturing capabilities and subsequent to the end of the period, advanced a major acquisition which has the potential to transform the Company into a leading, capital light brand manager.

Financial Performance

During the period, the Company generated revenue of $2,527,274, which marked a decrease on the previous corresponding period, primarily due to ceasing non-productive sales channels as part of the Company's broader strategy. In line with this strategy, Forbidden Foods maintained a stringent focus on cost management and reduced the loss for FY24 by 58.13% to $2,326,005 (2023: $5,555,846). Further, cash used in operating activities decreased by $1,511,485 on the prior year to $1,475,288 (2023: $2,986,773), which was directly influenced by a significant decrease in sales offset by a continued focus on reducing working capital restraints across the wider business, and prudent expenditure management.

Directors' report

Continued

Significant changes in the state of affairs

Appointment of Chief Executive Officer and Board restructure

From July 2023, Mr Alex Aleksic was appointed as CEO. Mr Aleksic is a senior business strategist and advisor with over twenty years of senior managerial experience in commercial, operational and financial roles within multinational, top 50 ASX companies, private equity and high net worth ownership structures.

Most recently, Mr Aleksic 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, he was instrumental in the Company's growth trajectory, earnings growth, M&A strategy and market engagement which led to the group achieving a peak market capitalisation of ~$450m.

Other historical roles include positions as Chief Financial Officer of Accent Group (ASX: AX1), Shaver Shop Group (ASX: SSG) and senior multi-discipline roles within Goodyear Dunlop, Telstra (ASX: TLS), Coles (ASX: COL) and Kodak Australasia.

As part of Mr Aleksic's appointment, Mr Tony Rowlinson stepped down as Executive Chairman and resigned from the Board. Mr Rowlinson joined the Company as Non-Executive Chairman in July 2022 and was appointed interim Executive Chairman in May 2023 to assist with the Company's leadership transition. The Board and management wish to thank Mr Rowlinson for his commitment to the Company and wish him well for future endeavours.

Non-Executive Director, Mr Jarrod Milani also transitioned to the role of Non-Executive Chairman. Mr Milani is a cofounder of Forbidden Foods and has played a central role in the Company's international growth strategy. As Non-Executive Chairman, he oversaw the Company's growth strategy across Australia and the USA.

Subsequent to these transitions, the Company further optimised its Board and management team in December 2023. This included the appointment of Mr Albert Cheok as Non-Executive Chairman and Mr Nathan Quailey as a Non-Executive Director, effective from 1 January 2024. As part of these appointments, Mr Milani stood down as Chairman to remain as a major and supportive shareholder.

Mr Cheok and Mr Quailey are both leading executives with strong sector experience and their respective appointments materially strengthen the composition of the Board.

Mr Cheok brings a unique level of experience and strategic insight from a distinguished 42-year career in monetary policy, financial services and equity capital markets, including successful roles in the fast-moving consumer goods (FMCG) industry. From 2002 to 2017, Mr Cheok held the role of Chairman of Auric Pacific Group, which he led to become the largest listed food conglomerate in Singapore. From 2006 to 2017, Mr Cheok was also Chairman of the Board of First REIT Singapore. In 2016, he was awarded the top REIT fund manager in Asia in 2016 after unit holders of First REIT received dividends on an average annual yield in excess of 22% for nine consecutive years. In Australian markets, Mr Cheok was the founding Chairman of 5G Networks which listed on the ASX in 2018 before merging with WebCentral in 2021. In policy, Mr Cheok held the role of Chief Manager (now titled Assistant Governor) of the Reserve Bank of Australia (RBA) from October 1988 to September 1989, before becoming the Commissioner of Banking in Hong Kong. He was subsequently made an Executive Director of the Hong Kong Monetary Authority from April 1993 to May 1995.

Mr Quailey is a senior advertising executive who currently serves as Chief Growth Officer of multinational advertising & marketing agency Ogilvy. Prior to his appointment as Chief Growth Officer, Mr Quailey was General Manager (Australia) from October 2012 to December 2023, where he oversaw one of the most successful periods in the agency's history and managed over 500 staff across multiple states. During that period, he spearheaded several growth initiatives underpinned by strong budget development practices, and delivered industry recognised campaigns for a number of large domestic and international beverage companies. Mr Quailey's experience is well suited to assisting in the direction of Forbidden Foods' broader marketing initiatives for the growing Blue Dinosaur product range as the Company expands local and international distribution.

In February 2024, the Company further strengthened its management team with the appointment of Michael Ryan as Chief Executive Officer. Mr Ryan holds a Bachelor of Commerce and an LLB with Honours from the University of Queensland and has been a Chartered Accountant for 29 years. He is an experienced investor, director and executive of businesses across a range of industries including infrastructure, trade & investment, resources and construction. His experience is culminated across a number of roles in both financial and commercial at Bowen Central Coal Management, DownerEDI Mining, and UGL, amongst others.

Further, the Company also advised that Mr Blagojce (Bill) Pavlovski was appointed as Company Secretary effective 31 May 2024. Mr Pavlovski is an experienced company executive with a strong focus on Company Secretary and Corporate Advisory Services for ASX-listed companies. Mr Pavlovski brings a deep understanding and extensive experience of capital markets, which has underpinned a respected career spanning over 15 years. His experience includes roles across banking, wealth management, stockbroking and corporate advisory services. Mr Pavlovski also has a number of qualifications, including a degree in Applied Economics and International Trade, ASIC Regulatory Guide 146 for licensing (RG146) and completion of the ASX Listing Rules Compliance course.

As part of Mr Pavlovski's appointment, Mrs Lucy Rowe resigned from as Company Secretary. The Board thanks Mrs Rowe for her assistance during her tenure.

Completion of $1.03m placement at a premium

During the period, the Company completed a share placement ('Placement') of ~36.68 million new fully paid ordinary shares ("Shares") in the Company at $0.02 per Share to raise approximately $0.73m. The Placement included additional commencement from Directors to raise an additional $300,000, which was approved by shareholders, taking the total Placement amount to $1.03m.

The Placement represented a 5.2% premium to the last closing price of 4 August 2023 and following shareholder approval, included one free attaching option for each share subscribed for under the placement, exercisable at $0.025 within 24 months from the date of issue of the option.

Funds from the Placement were used towards accelerating 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, which included allocating capital to the strategic build-up of Blue Dinosaur inventory holdings to fulfil future purchase orders.

Strategic distribution agreement for Blue Dinosaur products secured for the MENA region

Considerably broadening its international footprint, the Company secured an exclusive distribution agreement with Raw Distribution Trading LLC ("Raw Distribution"), allowing for Raw Distribution to market, distribute and sell the Company's Blue Dinosaur product range across the Gulf Cooperation Council ("GCC") region, with a primary focus on the United Arab Emirates. The agreement also has allowances for Raw Distribution to non-exclusively distribute Blue Dinosaur in the Middle East and North Africa region ("MENA").

Raw Distribution was launched in 2016 to cater for the emerging health and lifestyle market in the MENA region. The group works with a number of partners in the region and internationally to bring a wide range of ethically sourced, certified organic, plant-based products containing no synthetic additives, vitamins and/or minerals to market. Raw Distribution has an established and well serviced distribution footprint and extensive relationships throughout Jordan, Saudi Arabia, Kuwait, the UAE, Oman, Bahrain and Egypt.

Full terms of the agreement can be found in the Company's ASX release, dated 22 November 2023.

Directors' report

Continued

Record ecommerce sales in October 2023 highlight implementation of stated growth strategy

Highlighting the Company's revised ecommerce strategy, Forbidden Foods delivered a 70% sales increase from September to October, which increase online sales to $107,225. Increased market traction online for Blue Dinosaur products validates the group's targeted strategy to refocus on ecommerce growth to complement the Company's existing distribution networks across physical store channels. The opportunity to drive renewed growth in online sales was highlighted as a strategic priority by the new management team and remains an ongoing focus.

New product launches and marketing partnerships

During the period, the Company executed the launch of a new flagship product range, which was a Blue Dinosaur Protein Water. The product was formulated to target the growing market for low-sugar hydration products, with a collagen and whey-based formulation including a complete branched-chain amino acids profile (BCAA). The new product launch was complemented by additional initiatives to drive ecommerce growth, which provides the Company with an established online presence to test products and gauge market feedback to inform optimised distribution strategies for its existing physical store network.

Concurrently, management executed a number of strategic marketing partnerships to boost awareness for its online sales channels, including a successful sponsorship agreement with the globally-recognised Noosa Triathlon.

Strategic manufacturing agreement with Edenvale Foods

To optimise its supply chain, Forbidden Foods executed a non-exclusive manufacturing alliance agreement with NSW-based product development and manufacturing company, Edenvale Foods Pty Ltd ("Edenvale Foods"), which is anticipated to unlock cost efficiencies and margin growth across the group's flagship Blue Dinosaur product range over a nine-month period.

Edenvale Foods is a NSW-based contract manufacturer specialising in up-cycling farm seconds into nutrient dense ingredients for use in functional snack bars. The group's facility is SQF certified and its production lines utilise the latest technology to ensure low-cost manufacturing of best-in-class products for local and international markets.

Under the terms of the Agreement, Edenvale will manufacture the Company's range of Blue Dinosaur products at cost pricing, with the difference in value to a general arms-length contract to be made up via the issuance of fully paid ordinary shares in Forbidden Foods. Full terms of the agreement can be found in the Company's ASX release dated 14 March 2024.

Strategic placement to raise $0.6m

The Company completed a capital raise of $0.6m through the issue of ~33.3m new fully paid ordinary shares at $0.018 per share, which represented a 27.4% premium to the 15-day Volume Weighted Average Price (VWAP) of Forbidden Foods' shares to 9 April 2024.

The Placement provided Forbidden Foods with new funding to capitalise on momentum established with key retailers to further accelerate sales and build brand awareness via its ecommerce channels. The funds will also be allocated to a strategic build-up of inventory levels to ensure fulfilment for future purchase orders as they arise.

In the opinion of the directors, other than the matters identified in this report, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

Subsequent events

Since 30 June 2024, the following events have occurred:

Subsequent to the end of the period, Forbidden foods entered into a Share Purchase Agreement ('SPA') acquire 100% of the issued capital of Good Oats Pty Ltd, which is trading as Oat Milk Goodness (OMG), a leading Australian plant-based non-dairy milk company.

The signed SPA follows the completion of due diligence carried out by both parties during FY24 on an exclusive basis. Under the terms of the SPA, Forbidden Foods will acquire all of the issued capital in OMG for a consideration of $3.42m, which will be settled via the issue of 285m new fully paid ordinary shares in Forbidden Foods at a deemed issue price of $0.0012 (Consideration Shares). The issue of the Consideration Shares will be subject to the Company obtaining shareholder approval for the purposes of ASX Listing Rule 7.1.

OMG was established to develop a home-grown oat milk product that takes advantage of Australia's abundant supply of natural oats and is also free of industrial seed oils such as canola, rapeseed or sunflower oil which can cause inflammation. Since launching, OMG's core oat milk product has established strong traction among merchant customers in the café and barista industry. OMG has since broadened its product range to include flavoured milks and 'prOATein' options and has expanded distribution through ranging in Woolworths and Ampol Foodary outlets. Through its distribution channels, OMG is also ranged in leading independent and health food stores.

OMG is actively advancing international expansion opportunities with an initial focus on India, where it has a unique opportunity to leverage cofounder and Australian cricketer, Steve Smith's profile in market and take advantage of increased demand for health products among Indian consumers. OMG's near-term priorities are to fast-track the expansion of its existing product range, including more prOATein options, overseas expansion, while also building out its sales team and allocating resources to targeted marketing campaigns.

Forbidden Foods is confident that the acquisition provides considerable upside, both corporately and operationally. The transaction marks a first step in Forbidden Food's transition to a capital light brand manager within the FMCG sector.

Acquisition also unlocks a number of operating synergies, including reduced overheads and internal administrative costs. Forbidden Foods has existing internal infrastructure and capacity to manage OMG's accounting functions, sales and distribution, which is expected to lead to considerable cost efficiencies. Both parties will also have the potential to leverage their existing expertise to drive product development across the OMG and Forbidden Foods product ranges.

No other matter or circumstance has arisen since 30 June 2024 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.

Directors' report

Continued

Material Business Risks

The directors and executives have considered a number of material business risks that may have a significant impact on the company's operations, financial position, and prospects. These risks include:

- Market Competition: Intense competition from established brands and new entrants in the premium food market.
- Consumer Preferences: Shifts in consumer tastes and preferences towards different types of snacks or dietary trends.
- Economic Downturns: Economic recessions affecting consumer spending on non-essential or premium products
- Raw Material Costs: Fluctuations in the prices of key ingredients (e.g., protein sources, sweeteners) affecting production costs.
- Supplier Reliability: Dependency on a limited number of suppliers for critical ingredients or packaging materials.
- Logistics and Distribution: Potential disruptions in transportation and distribution channels impacting product availability.
- Production Capacity: Risks related to maintaining adequate production capacity and managing production efficiency.
- Quality Control: Ensuring consistent product quality to avoid recalls and maintain brand reputation.
- Product Recalls: Potential damage to brand reputation due to product recalls or safety issues.
- Consumer Perception: Negative consumer feedback or public relations issues impacting brand image.
- Counterfeit Products: Risks of counterfeit products impacting brand integrity and customer trust.

Environmental regulation

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

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

Directors' report

Continued

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
Marcus Brown Executive Director and CEO – North America 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. Forbidden Foods became 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. 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 growth of Forbidden Foods. 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

Name and position	Experience and qualifications
Albert Cheok Non-Executive Chairman from 1 January 2024 B.Econ (Hons), Fellow – Institute of Certified Public Accountants	Mr Cheok brings a unique level of experience and strategic insight from a distinguished 42-year career in monetary policy, financial services and equity capital markets, including successful roles in the fast-moving consumer goods (FMCG) industry. Former Chairman of Auric Pacific Group, which he led to become the largest listed food conglomerate in Singapore. Former Chairman of the Board of First REIT in Singapore. Founding Chairman of 5G Networks which listed on the ASX in 2018 before merging with WebCentral in 2021. In policy, Mr Cheok held the role of Chief Manager (now titled Assistant Governor) of the Reserve Bank of Australia (RBA) from October 1988 to September 1989, before becoming the commissioner of Banking in Hong Kong. He was subsequently made an Executive Director of the Hong Kong Monetary Authority from April 1993 to May 1995 Albert 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: Nil Interests in options: Nil
Nathan Quailey Non-Executive Director from 1 January 2024 B.Bus. (Marketing & Advertising)	Mr Quailey is a senior advertising executive who currently serves as Chief Growth Officer of multinational advertising & marketing agency Ogilvy. Prior to his appointment as Chief Growth Officer, Mr Quailey was General Manager (Australia) from October 2012 to December 2023, where he oversaw one of the most successful periods in the agency's history and managed over 500 staff across multiple states. During that time he spearheaded several strategic growth initiatives underpinned by strong budget development practices, and delivered industry recognised campaigns for a number of large domestic and international beverage companies Nathan 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: Nil Interests in options: Nil

Directors' report

Continued

Name and position	Experience and qualifications
Jarrod Milani Former Non-Executive Chairman 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. Former 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: Not applicable as no longer a director Interests in options: Not applicable as no longer a director
Anthony Rowlinson Former Non-Executive Chairman B.Bus (Marketing), GAICD	Anthony was appointed as a director in July 2022. Anthony has extensive international experience in senior executive roles in many leading FMCG companies including Simplot, Coca Cola, International Paper and Bristol Myers in Australia, the United Kingdom, and Southern Africa. He has a strong record of effective leadership across key business functions, whilst demonstrating the ability to engage and build a strong rapport with major customers and other key stakeholders. Anthony was the CEO of Fenn Foods, a leading Australian plant-based foods company, and Managing Director and Founder of Invita Group, a consulting group specialising in M&A and launching Australian brands into the United States. He was previously CEO and Managing Director of The Food Revolution Group (ASX:FOD). Former member of the Remuneration and Nomination Committee and Audit and Risk Committee. Other current directorships in listed entities: None Former directorships in the last 3 years: None. Interests in shares: Not applicable as no longer a director Interests in options: Not applicable as no longer a director

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Company secretary

On 31 May 2024 Mrs Lucy Rowe of Automic Group resigned as Company Secretary and Mr Bill Pavlovski was appointed into the role. Lucy Rowe holds a Graduate Diploma of Legal Studies, Financial Services Law from the University of NSW, and a Bachelor of Arts. Bill Pavlovski is an experienced company executive with a strong focus on Company Secretary and Corporate Advisory Services for ASX-listed companies. His experience includes roles across banking, wealth management, stockbroking and corporate advisory services. Mr Pavlovski also has a number of qualifications, including a degree in Applied Economics and International Trade, ASIC Regulatory Guide 146 for licensing (RG146) and completion of the ASX Listing Rules Compliance course.

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 2024, 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**
Albert Cheok****	2	2	1	1	1	-
Nathan Quailey****	2	2	1	1	1	-
Kate Eshuys	7	4	2	2	1	1
Anthony Rowlinson*	-	-	-	-	-	-
Alex Aleksic**	7	7	2	2	1	1
Marcus Brown	7	7	2	2	1	1
Jarrod Milani***	5	5	1	1	1	1

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.

* = Resigned 1 July 2023

** = Appointed 1 July 2023

*** = Resigned 1 January 2024

**** = Appointed 1 January 2024

Directors' report

Continued

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 2024. The report has been prepared and audited in accordance with the requirements of the Corporations Act 2001 (Cth) and its 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

(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 2024.

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

Use of remuneration consultants

No remuneration consultants were used during the year ended 30 June 2024.

(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 executive 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:

- Albert Cheok- Non-Executive Chairman (appointed 1 January 2024)
- Jarrod Milani- Non-Executive Chairman (resigned 1 January 2024)
- Katie Eshuys - Non-Executive Director
- Nathan Quailey - Non-Executive Director (appointed 1 January 2024)
- Alex Aleksic - Managing Director and Chief Executive Officer
- Marcus Brown - Executive Director and CEO – North America
- Anthony Rowlinson - Non-Executive Chairman (resigned 1 July 2023)

Key Management Personnel:

- Michael Ryan – Chief Financial Officer (appointed 22 February 2024)

There have been no changes since the end of the reporting period.

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] $	**Cash bonus $**	**Super-annuation $**	**Long service leave $**	**Equity settled shares $**	**Equity settled options[2] $**	**Total $**
2024							
Non-executive directors							
Albert Cheok	30,000	-	-	-	-	-	30,000
Nathan Quailey	24,000	-	-	-	-	-	24,000
Katie Eshuys	30,000	-	-	-	-	-	30,000
Jarrod Milani	31,818	-	3,500	-	-	9,272	44,590
Anthony Rowlinson	4,831	-	518	-	-	-	5,349
Executive directors							
Alex Aleksic	268,208	-	27,500		-	-	295,708
Marcus Brown	144,430	-	5,606	(19,318)	-	9,272	139,990
Other Key Management Persons							
Michael Ryan	25,000	-	-	-	-	-	25,000
Sam Fraser	-	-	-	-	-	3,614	3,614
	558,287	**-**	**37,124**	**(19,318)**	**-**	**22,158**	**598,251**
2023							
Non-executive directors							
Anthony Rowlinson	70,166	-	7,367	-	-	-	77,533
Justin O'Sullivan	15,545	-	1,632	-	-	-	17,177
Katie Eshuys	-	-	-	-	-	-	-
Executive directors							
Marcus Brown	147,039	-	16,035	27,038	-	52,050	242,162
Jarrod Milani	164,794	-	20,749	(23,406)	-	52,050	214,187
Other Key Management Persons							
Sam Fraser	194,836	-	22,246	(282)	-	8,675	225,475
	592,380	**-**	**68,029**	**3,350**	**-**	**112,775**	**776,534**

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	
	2024	2023	2024	2023	2024	2023
Non-executive directors						
Albert Cheok	100%	N/A	-	N/A	-	N/A
Anthony Rowlinson	N/A	100%	N/A	-	N/A	-
Jarrod Milani	100%	76%	-	-	-	24%
Katie Eshuys	100%	100%	-	-	-	-
Nathan Quailey	100%	N/A	-	N/A	-	N/A
Executive directors						
Alex Aleksic	100%	N/A	-	N/A	-	N/A
Marcus Brown	100%	79%	-	-	-	21%
Key Management Personnel						
Michael Ryan	100%	-	-	-	-	-
Sam Fraser	N/A	96%	N/A	-	N/A	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.

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

	Cash bonus paid/payable		Cash bonus forfeited	
	2024	2023	2024	2023
Executive Directors				
Marcus Brown	-	-	-	100%
Jarrod Milani	N/A	-	N/A	100%

Directors' report

Continued

(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	**Alex Aleksic**
Title	Managing Director and CEO
Agreement commenced	1 July 2023
Term of agreement	No fixed term
Details	Base salary for the year ending 30 June 2024 of $250,000 plus superannuation, to be reviewed annually by the Company. 3 month termination notice by either party, STI's and LTI's as per Remuneration Committee approval and KPI achievement, non-solicitation and noncompete clauses

Name	**Michael Ryan**
Title	CFO
Agreement commenced	1 March 2024
Term of agreement	No fixed term
Details	Monthly invoice of $6,250
Termination	30 Days notice by either party

Name	**Marcus Brown**
Title	Executive Director and CEO – North America
Agreement commenced	1 July 2023
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.

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 2024, 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 2024 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
Alex Aleksic	-	-	-	-
Albert Cheok	-	-	-	-
Nathan Quailey	-	-	-	-
Kate Eshuys	-	-	-	-
Marcus Brown	-	-	-	-
Jarrod Milani	-	-	-	-
Michael Ryan	-	-	-	-

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.

Directors' report

Continued

(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 2023	Acquired	Disposals/ Other	Balance at 30 June 2024
Alex Aleksic	-	9,111,833		9,111,833
Albert Cheok	-	-	-	-
Nathan Quailey	-	-	-	-
Kate Eshuys	-	500,000	-	500,000
Marcus Brown	13,831,377	1,250,000	-	15,081,377
Jarrod Milani	9,950,895	520,000	-	10,470,895
Michael Ryan	-	3,035,700	-	3,035,700

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.

	Balance at 30 June 2023	Granted during the year	Exercised	Expired, forfeited and other changes	Balance at 30 June 2024
Alex Aleksic	-	10,000,000	-	-	10,000,000
Albert Cheok	-	-	-	-	-
Nathan Quailey	-	-	-	-	-
Kate Eshuys	-	500,000	-	-	500,000
Marcus Brown	1,500,000	-	-	(1,500,000)	-
Jarrod Milani	1,500,000	500,000	-	(1,500,000)	500,000
Michael Ryan	-	-	-	-	-

Other transactions with key management personnel and their related parties

During the financial year, payments for accounting services from Ingredior Pty Ltd (CFO-related entity of Michael Ryan) of $25,000 were made. The current trade payable balance as at 30 June 2024 was $6,875. In addition, there was $105,000 in loans from related parties at 30 June 2024 (2023: Nil). The loans relate to directors subscriptions in the capital raise of April 2024. The issue of Related Party Shares and any Attached Options are subject to shareholder approval at an Extraordinary General Meeting ('EGM'), which was not held before 30 June 2024.

All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with key management personnel during the period.

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Additional Information

The earnings of the consolidated entity for the 5 years to 30 June 2024 are summarised below:

	2024 $'000	2023 $'000	2022 $'000	2021 $'000	2020 $'000
Sales Revenue	2,527	3,733	6,581	4,206	4,120
EBITDA	(2,214)	(5,528)	(3,488)	(3,318)	(2,230)
EBIT	(2,226)	(5,656)	(3,681)	(3,456)	(2,353)
Loss after income tax	(2,326)	(5,556)	(3,681)	(3,456)	(2,353)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end ($)	$0.010	$0.017	$0.085	$0.235	N/A
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(1.20)	(4.66)	(3.84)	(5.08)	(13.51)

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 2024 are disclosed in note 24 of the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' report

Continued

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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
24,788,715	$0.08	31 January 2025
20,500,000	$0.04	16 August 2025
51,680,000	$0.025	7 December 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

Alex Aleksic
Managing Director and CEO
30 August 2024
Melbourne

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Auditor’s independence declaration

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AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Forbidden Foods Limited and its controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 30 August 2024
Melbourne, Victoria

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Consolidated statement of profit or loss and other comprehensive income

Year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	4	2,527,274	3,733,271
Other income	5	81,499	39,525
Expenses			
Changes in inventories		(119,790)	(960,305)
Selling expenses		44,789	77,903
Raw materials and consumables used		1,741,440	3,802,605
Employee benefits expense	6	1,013,822	1,789,795
Freight out and distribution expense		363,657	684,002
Depreciation and amortisation expense	6	12,062	127,719
Information technology expenses		187,695	173,931
Marketing and promotion expenses		506,982	852,311
Product development expenses		52,210	84,430
Occupancy expenses		31,899	61,955
Professional services expenses		583,677	461,484
Travel and transportation expenses		64,939	181,871
Corporate expenses		189,151	169,592
Finance costs	6	77,226	34,867
Fair value remeasurement expense		-	38,268
Impairment of intangible assets		-	1,648,745
Other expenses		85,100	199,388
Loss before income tax expense		**(2,226,086)**	**(5,655,765)**
Income tax (expense) / benefit	7	(99,919)	99,919
Loss after income tax expense for the year		**(2,326,005)**	**(5,555,846)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	20	(4,882)	2,886
Total comprehensive loss for the year		**(2,330,887)**	**(5,552,960)**
Loss per share			
Basic (cents per share)	31	(1.20)	(4.66)
Diluted (cents per share)	31	(1.20)	(4.66)

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 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	8	254,728	351,986
Trade and other receivables	9	353,912	256,991
Inventories	10	334,937	514,727
Income tax receivable	11	-	32,050
Assets held for sale	13	-	22,001
Other assets	12	61,911	61,191
Total current assets		**1,005,488**	**1,238,946**
Non-current assets			
Property, plant and equipment	14	-	3,866
Intangible assets	15	1,427,564	1,409,360
Total non-current assets		1,427,564	1,413,226
Total assets		**2,433,052**	**2,652,172**
Liabilities			
Current liabilities			
Trade and other payables	16	1,426,619	754,142
Income tax payable	17	102,204	-
Employee benefits	18	29,040	116,068
Total current liabilities		1,557,863	870,210
Non-current liabilities			
Employee benefits	18	-	7,207
Total non-current liabilities		**-**	**7,207**
Total liabilities		**1,557,863**	**877,417**
Net assets		**875,189**	**1,774,755**
Equity			
Issued capital	19	17,768,264	16,428,304
Reserves	20	73,136	840,903
Retained losses	21	(16,966,211)	(15,494,452)
Total equity		**875,189**	**1,774,755**

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 2024

Consolidated	Issued capital (Note 19) $	Reserves (Note 20) $	Retained losses (Note 21) $	Total equity $
Balance at 1 July 2023	**16,428,304**	**840,903**	**(15,494,452)**	**1,774,755**
Loss for the year	-	-	(2,326,005)	(2,326,005)
Other comprehensive loss	-	(4,882)	-	(4,882)
Total comprehensive income/(loss)	-	(4,882)	(2,326,005)	(2,330,887)
Transactions with owners:				
Transfer of share based payment reserve to retained losses	-	(854,246)	854,246	-
Contributions of equity, net of transaction costs	1,339,960	-	-	1,339,960
Share-based payments	-	91,361	-	91,361
Balance at 30 June 2024	**17,768,264**	**73,136**	**(16,966,211)**	**875,189**

Consolidated	Issued capital (Note 19) $	Reserves (Note 20) $	Retained losses (Note 21) $	Total equity $
Balance at 1 July 2022	**15,346,088**	**700,410**	**(9,938,606)**	**6,107,892**
Loss for the year	-	-	(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**

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 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		2,309,989	4,444,332
Payments to suppliers and employees		(3,896,937)	(7,572,178)
Income taxes received		32,050	67,869
Other income		79,610	73,204
Net cash used in operating activities		**(1,475,288)**	**(2,986,773)**
Cash flows from investing activities			
Payments for intangibles		(26,399)	(64,194)
Payments for property, plant and equipment		-	(1,154)
Proceeds from disposal of property, plant and equipment		20,409	32,592
Net cash used in investing activities		**(5,990)**	**(32,756)**
Cash flows from financing activities			
Proceeds from issue of shares		1,515,133	1,300,350
Finance costs		(74,941)	(34,308)
Capital raising costs		(161,172)	(135,712)
Repayment of lease liabilities (principal and interest)		-	(56,334)
Proceeds from directors shares (shares to be issued subject to EGM approval)		105,000	-
Net cash from financing activities		**1,384,020**	**1,073,996**
Net increase in cash and cash equivalents		(97,258)	(1,945,533)
Cash and cash equivalents at the beginning of the financial year		351,986	2,297,588
Effects of exchange rate changes on cash and cash equivalents		-	(69)
Cash and cash equivalents at the end of the financial year	8	**254,728**	**351,986**

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 2024

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 2024 (the ‘consolidated entity’).

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

Note 2. Material accounting policy information

The material 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

As disclosed in the financial statements, the consolidated entity incurred a loss of $2,326,005 and had net cash outflows from operating activities of $1,475,288 for the year ended 30 June 2024. As at that date the consolidated entity had net current liabilities of $552,375.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The consolidated entity had $254,728 cash in bank at 30 June 2024;
- The consolidated entity has demonstrated the ability to raise further capital over multiple years and the Directors are confident that a future capital raising would be successful; and
- On 14 August 2024, the Company announced a capital raise of $0.5mil and the acquisition of Good Oats Pty Ltd (trading as Oak Milk Goodness). The proceeds raised will be used for general working capital, product expansion and international expansion (refer to note 30).

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(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 2024 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, food service, 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.

During the year ended 30 June 2024 the consolidated entity derived revenue from two major Australian retailers through the segment.

Customer A - Revenue $349,883 (2023: $359,484)

Customer B - Revenue $371,275 (2023: $199,947).

Notes to the financial statements

Continued

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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the

consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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.

Note 4. Revenue

	2024 $	2023 $
Revenue from contracts with customers		
Sale of goods	2,527,274	3,733,271
Total revenue	2,527,274	**3,733,271**

Disaggregation of revenue from contracts with customers is as follows:

	2024 $	2023 $
Geographical regions		
Australia and New Zealand	2,283,158	3,629,846
United States	211,803	103,425
Middel East and Europe	32,313	-
Total revenue	**2,527,274**	**3,733,271**

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.

Notes to the financial statements

Continued

Note 4. Revenue (Continued)

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

	2024 $	2023 $
Government grants and tax incentives	73,200	73,200
Profit/(loss) on disposal of property, plant and equipment	(1,591)	(35,873)
Other income	9,890	2,198
Total other income	**81,499**	**39,525**

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.

Note 6. Expenses

	2024 $	2023 $
Loss before income tax includes the following specific items:		
Employee benefits expense		
Salaries and wages	829,063	1,455,839
Superannuation	84,009	162,405
Share-based payments	22,158	137,607
Non-executive director fees	115,818	111,673
Annual eave and long service leave movements	(43,803)	(138,421)
Other employee related expenses	6,577	60,692
Total employee benefits expense	**1,013,822**	**1,789,795**
Depreciation and amortisation expense		
Depreciation of right-of-use assets	-	50,912
Depreciation of plant and equipment	3,866	20,996
Amortisation of intangible assets	8,196	55,811
Total depreciation and amortisation expense	**12,062**	**127,719**
Finance costs		
Debtor finance fees	9,785	15,881
Interest on lease liabilities	-	5,406
Trade finance fees	46,310	13,540
Other interest	21,131	40
Total finance costs	**77,226**	**34,867**

Notes to the financial statements

Continued

Note 7. Income tax benefit / (expense)

	2024 $	2023 $
Income tax benefit / (expense)		
Current tax benefit	(99,919)	99,919
Aggregate income tax benefit / (expense)	**(99,919)**	99,919
Reconciliation of income tax benefit / (expense) and tax at the statutory rate		
Loss before income tax expense	(2,226,086)	(5,655,765)
Tax at the statutory rate of 25% (2023: 25%)	(556,522)	(1,413,941)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Income tax benefit associated with Blue Dinosaur Pty Ltd acquisition	-	99,919
Amended ATO assessment of Income tax benefit associated with Blue Dinosaur Pty Ltd acquisition	(99,919)	-
Tax losses and other timing differences for which no DTA is recognised	556,522	1,413,941
Income tax benefit / (expense)	**(99,919)**	99,919

Note 7. Income tax benefit / (expense) (Continued)

Significant accounting policies relating to income tax benefit / (expense)

Management has made an assessment not to recognise a deferred tax asset based on its judgements, estimates and assumptions including uncertainty as to the timing of future profitability. The value of the unrecognised deferred tax asset as at 30 June 2024 is $4,073,024 (2023 - $3,524,002).

Note 8. Cash and cash equivalents

	2024 $	2023 $
Cash on hand	865	865
Cash at bank	253,863	351,121
Total cash and cash equivalents	**254,728**	**351,986**

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.

Note 9. Trade and other receivables

	2024 $	2023 $
Trade receivables	300,367	214,842
GST refundable	581	31,201
Payroll tax refundable	43,559	600
Property bond	9,405	10,348
Total trade and other receivables	**353,912**	**256,991**

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. Trade receivables is net of expected credit loss, which was valued at 30 June 2024 of $24,249 (2023 - $85,620).

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.

Notes to the financial statements

Continued

Note 10. Inventories

	2024 $	2023 $
Stock in transit	19,475	33,376
Stock on hand	315,462	481,351
Total inventories	**334,937**	**514,727**

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.

Note 11. Income Tax Receivable

	2024 $	2023 $
Income Tax Receivable	32,050	99,919
Less: Refund paid by Australian tax Office	(32,050)	(67,869)
Total Income Tax Receivable	**-**	**32,050**

Note 12. Other assets

	2024 $	2023 $
Current		
Prepaid expenses	61,911	58,592
Other	-	2,599
Total other assets	61,911	61,191

Note 13. Assets Held for Sale

	2024 $	2023 $
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:

		Website $	Total $
Balance at 1 July 2023	**9,621**	**12,380**	**22,001**
Disposal of assets held for sale	(9,621)	(12,380)	(22,001)
Balance at 30 June 2024	**-**	**-**	**-**

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

	2024 $	2023 $
Plant and equipment – at cost	18,875	21,729
Less: Accumulated depreciation	(18,875)	(17,863)
Total property, plant and equipment	**-**	**3,866**

Notes to the financial statements

Continued

Note 14. Property, plant and equipment (Continued)

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 2022	91,172
Additions	1,154
Disposals	(69,468)
Depreciation	(19,392)
Balance at 30 June 2023	**3,866**
Balance at 1 July 2023	3,866
Additions	-
Disposals	-
Depreciation	(3,866)
Balance at 30 June 2024	**-**

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.

Note 15. Intangibles

	2024 $	2023 $
Goodwill	1,386,767	1,386,767
Trademarks	40,797	22,593
Total intangibles	**1,427,564**	**1,409,360**

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

		$	Website $	Total $
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**
Balance at 1 July 2023	1,386,767	22,593	-	1,409,360
Additions	-	26,400	-	26,400
Amortisation expense	-	(8,196)	-	(8,196)
Balance at 30 June 2024	**1,386,767**	**40,797**	**-**	**1,427,564**

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 2024, 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:

- 18.0% (2023: 18%) pre-tax discount rate;
- 30.0%-15% (2023: 30% - 15%) growth rate of forecast period's decrementing by 5% each year between Years 2 to 5;
- 5% (2023: 5%) per annum increase in operating costs and overheads; and
- 1.62% (2023: 1.62%) terminal value growth rate.

The discount rate of 18% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

Management has considered a number of factors in estimating the revenue growth rate over a 5 year period. These include the opportunities presented by overseas expansion, an increased focus on ecommerce sales, and the increased demand for energy foods worldwide.

Notes to the financial statements

Continued

Note 15. Intangibles (Continued)

In considering the expenditure growth rate, management have taken into account a number of factors, including future inflation forecasts, manufacturing agreements currently in place, and a continued focus on cost savings across the board.

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. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment of goodwill.

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.

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.

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Note 16. Trade and other payables

	2024 $	2023 $
Trade payables	759,633	549,483
Accrued expenses	25,498	27,441
Accrued wages	13,484	-
PAYG withholding	29,499	45,801
Superannuation payable	14,247	38,212
Borrowings - Trade finance	258,998	33,332
Related party loan (see Note 26)	105,000	-
Other payables	220,260	59,873
Total trade and other payables	**1,426,619**	**754,142**

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.

Note 17. Income tax payable

	2024 $	2023 $
Income tax payable	102,204	-
Total income tax payable	**102,204**	**-**

Note 18. Employee benefits

	2024 $	2023 $
Current		
Employee benefits – Annual Leave	29,040	96,750
Employee benefits – Long Service Leave	-	19,318
Total current employee benefits	**29,040**	**116,068**
Non-current		
Employee benefits – Long Service Leave	**-**	**7,207**
Total employee benefits	**29,040**	**123,275**

Notes to the financial statements

Continued

Note 18. Employee benefits (Continued)

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 entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

	2024 $	2023 $
Employee benefits obligation expected to be settled after 12 months	-	7,207
	-	**7,207**

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.

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. Issued capital

	2024 $	2023 $
Ordinary shares – fully paid	**17,768,264**	**16,428,304**
Total issued capital	**17,768,264**	**16,428,304**

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 2022	103,403,102	15,346,088
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**
Issue of ordinary shares – Placement 1	40,130,000	758,600
Issue of ordinary shares – Placement 2	15,000,000	300,000
Issue of ordinary shares – Placement 3	25,362,920	456,532
Share issue costs	-	(175,172)
Balance at 30 June 2024	**227,223,467**	**17,768,264**

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.

Notes to the financial statements

Continued

Note 20. Reserves

	2024 $	2023 $
Foreign currency translation reserve	4,933	8,815
Share-based payments reserve	68,203	832,088
Total reserves	**73,136**	**840,903**

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 2022	5,929	694,481	700,410
Foreign currency translation	2,886	-	2,886
Share-based payments – key management personnel	-	137,607	137,607
Balance at 30 June 2023	**8,815**	**832,088**	**840,903**
Balance at 1 July 2023	8,815	832,088	840,903
Foreign currency translation	(4,882)	-	(4,882)
Transfers	1,000	-	1,000
Transfer of share based payment reserve to retained earnings	-	(854,246)	(854,246)
Share-based payments – Non-executive directors	-	9,272	9,272
Share-based payments – key management personnel	-	12,886	12,886
Share-based payments – external supplier	-	68,203	68,203
Balance at 30 June 2024	**4,933**	**68,203**	**73,136**

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.

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. Share-based payments - external supplier relates to the agreement with NSW-based product development and contract manufacturer, Edenvale Foods to manufacture FFF's leading Blue Dinosaur product range at cost price on a non-exclusive basis. Under this agreement, FFF is to issue Edenvale Foods with fully paid ordinary shares for the difference between cost price manufacturing and a general arms-length contract.

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 21. Retained losses

	2024 $	2023 $
Retained losses at the beginning of the financial year	(15,494,452)	(9,938,606)
Transfer of share based payment reserve to retained losses	854,246	-
Loss after income tax expense for the year	(2,326,005)	(5,555,846)
Total retained losses	**(16,966,211)**	**(15,494,452)**

Notes to the financial statements

Continued

Note 22. 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.

	2024 $	2023 $
Financial assets		
Cash and cash equivalents	254,728	351,986
Trade and other receivables	353,912	256,391
	608,640	**608,377**
Financial liabilities		
Trade and other payables	1,426,619	754,142
	1,426,619	**754,142**

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.

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.

Note 22. Financial instruments (Continued)

(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 carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2024	**2023**	**2024**	**2023**
US dollars	718	41,034	82,593	93,302

The consolidated entity had net liabilities denominated in foreign currencies of USD54,613 (assets of USD479 less liabilities of USD55,092 as at 30 June 2024 (2023: (USD34,598)) (assets of USD27,162 less liabilities of USD61,760).

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2023: weakened by 5%/ strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $8,188 lower/$3,899 higher (2023: $2,489 lower/$2,489 higher) and equity would have been $195 lower/$390 higher (2023: $124 lower/$124 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2024 was $5,954 (2023: loss of $3,219).

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

Notes to the financial statements

Continued

Note 22. Financial instruments (Continued)

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from the trade financing fees, debtor financing fees, and other interest where each rate is variable and therefore presents an interest rate risk.

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.

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:

Australian dollars	2024 AUD $	2023 AUD $
Credit cards	7,603	30,030
Debtor factoring facilities	991,969	996,541
Trade finance facilities	(967)	249,853
	998,605	**1,276,424**

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 2024. The debtor financing facility and trade finance facility have a general security agreement over all the assets of Forbidden Foods Limited and Forbidden Foods (Australia) Pty Ltd.

Note 22. Financial instruments (Continued)

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.

Note 23. 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:

	2024 $	2023 $
Short-term employee benefits	558,287	592,380
Post-employment benefits	37,124	68,029
Long-term benefits	(19,318)	3,350
Share-based payments	22,158	112,775
Total compensation to key management personnel	**598,251**	**776,534**

Notes to the financial statements

Continued

Note 24. 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 up until their resignation, which was made effective on 29 November 2023. On that date, RSM Australia were appointed as the auditor of the company and its network firms going forward.

	2024 $	2023 $
PKF Melbourne		
Audit or review of the financial statements	25,991	66,244
Taxation services	6,500	15,500
RSM Australia		
Audit or review of the financial statements	43,000	-
	75,491	**81,744**

Note 25. Commitments and contingencies

The consolidated entity had no commitments as at 30 June 2024 and 30 June 2023.

The consolidated entity had no contingent assets or contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 26. Related party transactions

Parent entity

Forbidden Foods Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	2024 $	2023 $
Payment for Goods and Services:		
Payment for finance and accounting services from Ingredior Pty Ltd (related entity of Michael Ryan – CFO)	25,000	-

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Note 26. Related party transactions (Continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2024 $	2023 $
Current Payables:		
Trade payables to Ingredior Pty Ltd (related entity of Michael Ryan – CFO)	6,875	-

Loans to/from related parties

There was $105,000 in loans from related parties at 30 June 2024 (2023: Nil). The loans relate to directors subscriptions in the capital raise of April 2024. The issue of Related Party Shares and any Attached Options are subject to shareholder approval at an Extraordinary General Meeting ('EGM'), which was not held before 30 June 2024.

Terms and conditions

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

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	2024 $	2023 $
Profit/(loss) after income tax	(10,690,528)	(1,061,948)
Total comprehensive profit/(loss)	(10,690,528)	(1,061,948)

Statement of financial position

	2024 $	2023 $
Total current assets	179,287	247,561
Total assets	1,325,984	11,869,165
Total current liabilities	420,795	163,320
Total liabilities	420,795	163,320
Total equity	905,189	11,705,845

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity did not enter into any guarantees as at 30 June 2024 or 30 June 2023.

Notes to the financial statements

Continued

Note 27. Parent entity information (Continued)

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023.

Contractual commitments of the parent entity

The parent entity did not have any contractual commitments as at 30 June 2024 or 30 June 2023.

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.

Note 28. 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	2024 %	2023 %
Blue Dinosaur Pty Ltd	Australia	100.00	100.00
Forbidden Foods (Australia) Pty Ltd	Australia	100.00	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

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	2024 $	2023 $
Loss after income tax expense for the year	(2,326,005)	(5,555,846)
Adjustments for:		
Depreciation and amortisation expenses	12,062	127,719
Impairment of intangible assets	-	1,648,745
Fair value remeasurement expense	-	38,268
Share-based payments	90,361	137,607
Finance costs	74,941	34,867
Foreign exchange differences	(2,882)	4,631
Net gain/(loss) on disposal of non-current assets	(1,591)	35,873
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(294,908)	511,499
(Increase)/decrease in inventories	179,790	960,305
(Increase)/decrease in other assets	31,329	(46,520)
Increase/(decrease) in payables	753,645	(612,611)
Increase/(decrease) in income tax payable	102,204	-
Increase/(decrease) in employee benefits	(94,234)	(200,764)
Net cash used in operating activities	**(1,475,288)**	**(2,986,773)**

Notes to the financial statements

Continued

Note 30. Subsequent events

Since 30 June 2024, the following events have occurred:

Subsequent to the end of the period, Forbidden foods entered into a Share Purchase Agreement (‘SPA’) acquire 100% of the issued capital of Good Oats Pty Ltd, which is trading as Oat Milk Goodness (OMG), a leading Australian plant-based non-dairy milk company.

The signed SPA follows the completion of due diligence carried out by both parties during FY24 on an exclusive basis. Under the terms of the SPA, Forbidden Foods will acquire all of the issued capital in OMG for a consideration of $3.42m, which will be settled via the issue of 285m new fully paid ordinary shares in Forbidden Foods at a deemed issue price of $0.0012 (Consideration Shares). The issue of the Consideration Shares will be subject to the Company obtaining shareholder approval for the purposes of ASX Listing Rule 7.1.

OMG was established to develop a home-grown oat milk product that takes advantage of Australia’s abundant supply of natural oats, and is also free of industrial seed oils such as canola, rapeseed or sunflower oil which can cause inflammation. Since launching, OMG’s core oat milk product has established strong traction among merchant customers in the café and barista industry. OMG has since broadened its product range to include flavoured milks and ‘prOATein’ options, and has expanded distribution through ranging in Woolworths and Ampol Foodary outlets. Through its distribution channels, OMG is also ranged in leading independent and health food stores.

OMG is actively advancing international expansion opportunities with an initial focus on India, where it has a unique opportunity to leverage cofounder and Australian cricketer, Steve Smith’s profile in market and take advantage of increased demand for health products among Indian consumers. OMG’s near-term priorities are to fast-track the expansion of its existing product range, including more prOATein options, overseas expansion, while also building out its sales team and allocating resources to targeted marketing campaigns.

Forbidden Foods is confident that the acquisition provides considerable upside, both corporately and operationally. The transaction marks a first step in Forbidden Food’s transition to a capital light brand manager within the FMCG sector.

Acquisition also unlocks a number of operating synergies, including reduced overheads and internal administrative costs. Forbidden Foods has existing internal infrastructure and capacity to manage OMG’s accounting functions, sales and distribution, which is expected to lead to considerable cost efficiencies. Both parties will also have the potential to leverage their existing expertise to drive product development across the OMG and Forbidden Foods product ranges.

No other matter or circumstance has arisen since 30 June 2024 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 31. Loss per share

	2024 $	2023 $
Net loss attributable to the owners of Forbidden Foods Limited	(2,326,005)	(5,555,846)
	(2,326,005)	**(5,555,846)**

	2024 $	2023 $
Weighted average number of ordinary shares for calculating basic and diluted loss per share	194,332,023	119,210,846
Weighted average number of ordinary shares for calculating basic and diluted loss per share	**194,332,023**	**119,210,846**

	2024 $	2023 $
Basic loss per share	(1.20)	(4.66)
Diluted loss per share	(1.20)	(4.66)

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.

Notes to the financial statements

Continued

Note 32. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee:

2024 Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted during the year	Exercised	Expired / Forfeited / other	Balance at 30 June 2024
29/11/2022	30/6/2024	$0.027	2,455,260	-	-	(2,455,260)	-
29/12/2020	30/11/2023	$0.040	3,250,000	-	-	(3,250,000)	-
	-		**5,705,260**	**-**	**-**	**(5,705,260)**	**-**
Weighted Average Exercise Price			$0.24	$0.00	$0.00	$0.24	$0.00

2023 Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted during the year	Exercised	Expired / Forfeited / other	Balance at 30 June 2024
29/11/2022	30/6/2024	$0.027		2,455,260	-		2,455,260
29/12/2020	30/11/2023	$0.040	3,250,000	-	-	-	3,250,000
	-		**3,250,000**	**-**	**-**	**-**	**-**
Weighted Average Exercise Price			$0.40	$0.027	$0.00	$0.00	$0.24

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

Consolidated entity disclosure statement

As at 30 June 2024

Name	Entity Type	Principal place of business/ Country of incorporation	Ownership Interest	Tax Residency
Blue Dinosaur Pty Ltd	Body Corporate	Australia	100%	Australia*
Forbidden Foods (Australia) Pty Ltd	Body Corporate	Australia	100%	Australia*
Forbidden Foods (USA) Inc.	Body Corporate	United States of America	100%	United States of America
Forbidden Foods (US) LLC	Body Corporate	United States of America	100%	United States of America

*Forbidden Foods Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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 and CEO
30 August 2024

Independent auditor's report

RSM

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INDEPENDENT AUDITOR'S REPORT
To the Members of Forbidden Foods Limited

Opinion

We have audited the financial report of Forbidden Foods Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
(ii) 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 Group 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $2,326,005 and operating cash outflows of $1,475,288 during the year ended 30 June 2024 and, as of that date the Group had net current liabilities of $552,375. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 4 in the financial statements	
Revenue for the year ended 30 June 2024 was $2,527,274. Revenue recognition was considered a key audit matter because of its significance to the Group's reported financial performance. Furthermore, there is a fraud risk as management have an incentive or is under pressure to engage in fraudulent financial reporting to meet board and shareholder expectations.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 *Revenue from Contracts with Customers*; • Performing tests of detail on a sample basis to test the validity and accuracy of revenue transactions, including the inspection of sales invoices and delivery documentation; • Performing substantive analytical procedures on the revenue balance; • Review of sales transactions before and after year-end to ensure that revenue is recognised in the correct period; and • Assessing the adequacy and completeness of disclosures in the financial report.

Independent auditor's report

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of goodwill and other intangible assets Refer to Note 15 in the financial statements	
The Group has goodwill and other intangible assets of $1,427,564 as at 30 June 2024. Management is required to assess the intangible assets for impairment in accordance with AASB 136 *Impairment of Assets*, with a value in use cashflow model needing to be prepared for each identified cash-generating-unit (CGU). There is an inherent risk that the future cash flows of each CGU do not support the carrying value of intangible assets. Managements' assessment of the 'value in use' of the CGU involves judgements about the future underlying cash flows of the CGU and the discount rates applied to them For the year ended 30 June 2024 management have performed impairment assessments over the goodwill and other intangible assets by: • Identifying the CGU to which the goodwill and other intangible assets belong; • Calculating the value in use for the CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years; • The model includes a terminal growth rate applied to the 5th year; • These cash flows were then discounted to net present value using CGU specific weighted average cost of capital ("WACC"); and • Comparing the resulting value in use of the CGU to the respective book values and processing impairments where appropriate.	Our audit procedures in relation to impairment of goodwill and other intangible assets included: • Assessing management's determination of the CGU applied to the goodwill and other intangible assets based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the overall valuation methodology used to determine the value in use; • Checking the mathematical accuracy of the discounted cash flow models and reconcile input data to supporting evidence; • Considering and challenging the reasonableness of key assumptions, including the cash flow projections, budgets, revenue growth rated, discount rates and sensitivities used; and • Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.

Independent auditor's report

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group 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 an 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Independent auditor's report

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Forbidden Foods Limited, for the year ended 30 June 2024, 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.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 30 August 2024
Melbourne, Victoria

Shareholder information

The shareholder information set out below was applicable as at 22 August 2024.

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	35	0.00%
1,001 to 5,000	580	0.59%
5,001 to 10,000	233	0.79%
10,001 to 100,000	431	6.41%
100,001 and over	183	92.20%
Total	**1,462**	**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	22,175,402	8.86%
LEGAL TOOLBOX PTY LTD <THE SMIDGE DIGITAL UNIT A/C>	16,828,283	6.73%
MKB FAMILY INVESTMENTS PTY LTD <MKB FAMILY A/C>	15,081,377	6.03%
MFA CAPITAL PTY LTD <T & J ADAMS SUPER FUND A/C>	10,692,616	4.27%
MILANI FAMILY INVESTMENTS PTY LTD <MILANI FAMILY A/C>	10,470,895	4.19%
ALEKSIC INVESTMENTS PTY LTD <5N5 A/C>	9,111,833	3.64%
SCINTILLA STRATEGIC INVESTMENTS LIMITED	8,000,000	3.20%
MR MARK BUTLER & MRS LYNDA RAE BUTLER	4,990,049	1.99%
CITICORP NOMINEES PTY LIMITED	4,655,700	1.86%
TINDALLS TRUSTEE LIMITED <DUNN FAMILY A/C>	4,004,702	1.60%
SS415 DEVELOPMENTS PTY LTD	3,590,342	1.44%
MR OLEKSANDR ARTAMONOV	3,540,620	1.42%
TUWHERA TE RANGI LTD	3,124,031	1.25%
MYXLPLIX PTY LTD <RYAN FAMILY SUPER A/C>	3,035,700	1.21%
MR MARK JAMES KLOSE & MRS BELINDA ANNE KLOSE <KLOSE FAMILY SUPER FUND A/C>	3,000,000	1.20%
CHIT PTY LTD <GWYLETTA SUPER FUND A/C>	2,888,889	1.15%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,828,239	1.13%
MR CHRISTOPHER PAUL ELDRIDGE & MRS ANN ELIZABETH ELDRIDGE <BLACK DOG INVEST A/C>	2,727,272	1.09%
ANDKER PTY LTD <JIREH SUPER FUND A/C>	2,252,555	1.01%
DIGGING LION PTY LTD <ADAM & VICTORIA SOFFER A/C>	2,489,283	1.00%
Total	**135,750,515**	**54.26%**

Substantial holders

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

Holder name	Number of securities	Issued share capital %
TUWHERA TE RANGI LTD	22,175,402	8.86%
LEGAL TOOLBOX PTY LTD <THE SMIDGE DIGITAL UNIT A/C>	16,828,283	6.73%
MKB FAMILY INVESTMENTS PTY LTD <MKB FAMILY A/C>	15,081,377	6.03%
Total	**54,085,062**	**21.62%**

C. Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	96,968,715	59
Total	**96,968,715**	**59**

D. Ordinary shares

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.

There are no other classes of equity securities.

Corporate directory

Principal place of business

UL40, Level 2, 1341 Dandenong Road
Chadstone VIC 3148

Directors

Albert Cheok (Non-Executive Chair)

Nathan Quailey (Non-Executive Director)

Alex Aleksic (Managing Director and CEO)

Katie Eshuys (Non-Executive Director)

Marcus Brown (Director)

Company Secretary

Bill Pavlovski

Auditor

RSM Australia Partners

Level 27, 120 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

c/- Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: 1300 288 664

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)

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FOODS