

Forbidden Foods Limited ASX: FFF

ASX Announcement

10 September 2021

Transformative acquisition of Blue Dinosaur with successful \$5.5m capital raise

Highlights

- Forbidden Foods has entered into a conditional agreement to acquire Blue Dinosaur, a highly complementary plant-based snack bar company with strong brand awareness and distribution into the health food market
- Blue Dinosaur has delivered FY21 revenue of \$3.7m with a gross profit margin of 44% and a reported EBITDA of \$194k¹
- The acquisition will extend Forbidden Foods' presence in the rapidly growing plant-based food market and provides the opportunity to accelerate international growth, and drive cross sell opportunities via complementary distribution networks
- Successful completion of a A\$5.5m placement to new and existing institutional and sophisticated investors at an issue price of \$0.24 per share
- Funds raised via the placement will be used to fund the acquisition of Blue Dinosaur, including working capital requirements, and to accelerate further Forbidden Foods' growth initiatives
- Completion of the Blue Dinosaur acquisition is expected to occur in October 2021, subject to satisfaction of closing conditions

Forbidden Foods Ltd (ASX: FFF) ("Forbidden Foods" or "the Company"), is pleased to announce that it has received binding commitments from a range of existing and new institutional and sophisticated investors to subscribe to an equity placement (the "Placement") of \$5.5 million at an issue price of A\$0.24 per share. The Company has also entered into an agreement to acquire 100% of the issued shares in Blue Dinosaur Pty. Ltd ("Blue Dinosaur") for up to \$4.0m on a cash-free and debt-free basis. Blue Dinosaur is a health focused protein bar, snack bar, energy bar and bites company targeting the active and health-conscious millennial demographic.

Forbidden Foods Co-founder and Chief Executive Officer, Marcus Brown said: "Firstly, we have been delighted by the interest we have received from a range of high quality institutional and sophisticated investors who have participated in our \$5.5 million Placement. I would like to thank our existing and new shareholders for their support as we embark on this exciting period of growth for the Company.

We are excited to bring the vibrant Blue Dinosaur brand into our growing portfolio of plant-based and nutritious food products. Founded in 2011, the Australian based family business presents strong cultural alignment to Forbidden Foods and will be transformative in nature as it allows us to elevate our revenue position and expand our position in the market. With over 8,000 sales outlets and exports to eight international markets, Blue Dinosaur's established and diversified distribution footprint will give rise to significant cross sell opportunities for the Company and accelerate our growth profile in the markets in which we operate.

Blue Dinosaur has built a brand which resonates strongly amongst the active and health-conscious millennial demographic who are inclined to choose plant-based and natural food products for themselves and their families, further boosting Forbidden Foods offering and penetration into the rapidly growing global plant-based foods market in Australia and overseas. We look forward to welcoming the Blue Dinosaur team members into the Forbidden Foods family as we continue to innovate and deliver products that excite.”

About Blue Dinosaur

Blue Dinosaur Pty was founded in 2011 by Michael and Tina Watts-Seale (the ‘Founders’), with the intention of building a brand that is the ‘Red Bull’ of the health food industry, changing the status quo by making healthy snack food appealing to millennials.

Together, the Founders have successfully established an engaging health focused bar and snacking company which resonates strongly amongst the active and health-conscious millennial demographic. Blue Dinosaur produces hand-baked products using only wholefood ingredients. The bars are gluten free and do not contain any soy, dairy, preservatives, added sugars, colours, stabilisers, flavours, or anything artificial.

Blue Dinosaur distributes internationally and nationally into major and independent sales channels with over 8,000 outlets, including:

- Major supermarkets
- Independent grocers & health food stores
- Petrol and convenience retailers
- Gyms, cafes and other stores.

It’s range of snack, energy and protein bars have a strong presence in the millennial demographic and is most popular amongst female consumers aged 18 – 34 years. As the Blue Dinosaur brand grows and offers more products it continues to broaden its customer demographic and audience to capture a wider portion of consumers.

Strategic Rationale for Blue Dinosaur Acquisition

The Blue Dinosaur acquisition highlights Forbidden Foods ability to identify and execute on highly complementary and accretive transactions, as the transaction is expected to significantly transform the Company’s revenue footprint. The transaction extends and broadens the Company’s position within the health-based food and snacking market and provides significant product and distribution extensions to Forbidden Foods existing business model.

Key strategic drivers for the acquisition include:

- **Transformative acquisition:** On a pro-forma basis for FY21, Forbidden Foods expects that the Blue Dinosaur business combined with Forbidden Foods existing operations would have delivered \$7.94m² of revenue. The pro-forma revenue would have no sales cannibalisation across brands given the existing minimal customer and product overlap.
- **Accelerates international expansion:** The Transaction will provide the opportunity to accelerate international growth, leveraging Forbidden Foods e-commerce capability and existing Asia partnerships to enhance distribution in global markets. Blue Dinosaur has secured trademarks in all targeted regions Forbidden Foods is strategically pursuing, including securing US distribution rights which also presents a large export opportunity to scale in coming years
- **Significant brand equity and cultural alignment:** Blue Dinosaur has built a brand which resonates strongly amongst the active and health-conscious millennial demographic, built on the back of their founder-led team – just like Forbidden Foods

- **Cross-sell opportunities:** The Blue Dinosaur distribution network provides Forbidden Foods with the opportunity to expand its footprint across the major supermarkets, additional pharmacy channels and enter the petrol & convenience channel. Forbidden Foods can also leverage from Blue Dinosaurs export channels into the United States and the United Kingdom.
- **Strong synergy potential:** The Blue Dinosaur product range of plant-based foods is highly complementary to Forbidden Foods' existing product portfolio. The Transaction also provides the opportunity to capitalise on existing overlap in the supply chain of both businesses in the procurement of key ingredients and other materials.

Snack Bars

Hand-baked, plant-based, grain free snacks made from only 5 real food ingredients



Protein Bars

With collagen and egg whites. Welcome to the cleanest protein bars in the world!



Energy Bars

With roast almond butter, dates, pink Himalayan rock salt, Cordyceps mushroom powder, coconut & plant-based chocolate



Bites

Decadent, hand-baked, wholefood treats. Each bite has been designed to take you to your happy place in the healthiest way possible.



Key Acquisition Terms

Forbidden Foods has entered into a conditional agreement to acquire all the issued share capital of Blue Dinosaur Pty Ltd from private vendors. The purchase price of up to \$4.0m (inclusive of Earnout) will be paid as follows:

- \$2.0m of the purchase price as cash consideration at completion of the acquisition
- \$1.2m of ordinary fully paid ordinary shares in FFF issued at completion of the acquisition. Shares priced at the volume weighted average price of FFF Shares for the five (5) ASX trading days prior to the date of the Share Purchase Agreement. Shares escrowed in one third portions over 12, 18 and 24 months.
- An earnout of \$0.8m ('Earnout') will be paid in cash subject to Blue Dinosaur achieving minimum revenue of \$3.75m within twelve months from completion. The revenue for the earnout period will be subject to audit.

Placement Overview

A two-tranche placement to institutional, sophisticated and professional investors to raise \$5.5m (the 'Offer') comprising:

- Tranche 1 – approximately \$3.50m (14.58m shares) under Listing Rule 7.1 and 7.1A Placement capacity;
- Tranche 2 – approximately \$2.00m (8.33m shares) subject to shareholder approval at the 2021 Annual General Meeting (AGM); and
- A Share Purchase Plan to raise up to \$1.0m ('SPP'). The SPP is not underwritten at this stage, but the company may determine to have it underwritten.

The Placement will result in the issue of approximately 22.91m new fully paid ordinary shares. All shares under the Placement and SPP will be issued at a fixed price of \$0.24 per share, representing a discount of approximately:

- 5.9% to the last traded price on Tuesday, 7 September 2021 of \$0.255
- 14.6% to the 5-day VWAP prior to Friday, 10 September 2021 of \$0.281

Settlement of the Tranche 1 of the placement is expected to occur on Wednesday, 15 September 2021 with the issue and trading of the new shares associated with Tranche expected to commence on Friday, 17 September 2021. New shares under Tranche 2 will be issued following and subject to shareholder approval at the AGM.

BW Equities acted as Sole Lead Manager on the Placement.

Share Purchase Plan

Forbidden Foods will provide eligible shareholders who were on the Company's register at 7.00pm (AEST) on Thursday, 9 September 2021 and having a registered address in Australia an opportunity to subscribe for new fully paid ordinary shares under the SPP ("SPP Shares"). Eligible shareholders will be entitled to acquire up to A\$30,000 of SPP Shares at an issue price of A\$0.24 per share, being the same price as the Placement. Participation in the SPP is optional and will give eligible shareholders the opportunity to increase their shareholding without paying brokerage fees or other transaction costs.

Full details of the Share Purchase Plan, including offer letters, entitlement and the acceptance form will be sent to eligible shareholders on or shortly after Wednesday, 15 September 2021. A copy of the SPP documentation will also be lodged with the ASX.

Indicative Timetable

Below is an indicative timetable for the Placement and Share Purchase Plan which may be subject to change. The Company reserves the right to amend the dates relating to the Placement and SPP at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act.

Indicative Timetable	2021
Trading Halt	Wednesday, 8 September 2021
Bookbuild completed for Placement	Thursday, 9 September 2021
SPP Record Date	Thursday, 9 September 2021
Execution of Blue Dinosaur SPA	Friday, 10 September 2021
Announcement of Placement and SPP	Friday, 10 September 2021
Settlement of Placement (Tranche 1)	Wednesday, 15 September 2021
Allotment of shares for Placement (Tranche 1)	Friday, 17 September 2021
Trading of Placement (Tranche 1) shares	Friday, 17 September 2021
Dispatch of SPP Booklet / Publication to ASX	Monday, 20 September 2021
SPP Offer opens	Monday, 20 September 2021
SPP Offer closes	Monday, 4 October 2021
Announcement of results of SPP	Monday, 4 October 2021

Indicative Timetable (continued)	2021
Notice of Annual General Meeting dispatched	Monday, 4 October 2021
Issue of New Shares under the SPP and dispatch holding statements	Tuesday, 5 October 2021
Trading of New Shares under the SPP	Wednesday, 6 October 2021
AGM to vote on Placement (Tranche 2) shares	Thursday, 4 November 2021
Settlement of Placement (Tranche 2)	Wednesday, 10 November 2021
Allotment of shares for Placement (Tranche 2)	Friday, 12 November 2021
Trading of Placement (Tranche 2) shares	Friday, 12 November 2021

Footnotes

¹ Based on the unaudited preliminary final report for FY21 and unaudited management results for FY21. The gross profit margin figures reported relate to non-IFRS measures which have not been audited or reviewed.

² Based on the unaudited preliminary final report of Forbidden Foods and the unaudited results for Blue Dinosaur for FY21.

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

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About Forbidden Foods Ltd

Forbidden Foods Ltd (ASX: FFF) is a multi-brand premium food, beverage and ingredients company focusing on the infant, toddler, health and plant-based markets. The Company was established in 2010 with a vision to provide the very best foods to meet growing consumer demand for clean, sustainable plant-based and health-oriented products. The business sells products via its two key brands – Sensory Mill and FUNCH® – direct to consumer, retailers and food service companies, fulfilled through its distribution partners and via e-commerce across its diverse national and international sales channels.

About Blue Dinosaur

Founded in 2011, Blue Dinosaur exists to create the best snack food bars the world has ever seen and make them accessible to everyone, always. Too many food companies think that near enough is good enough, a snack food bar is a snack food bar, they create a generic base and add flavours to it. We don't think this is even close to good enough. We start with a collection of beautiful ingredients that your body wants to eat and combine them into a bar for your convenience. We only ever use whole food ingredients and our bars never contain gluten, soy, dairy, preservatives, added sugars, colours, stabilisers, flavours, or anything artificial. Only ever made with the highest quality completely natural ingredients, the only thing more impressive than our ingredients list is the way our products taste.