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THE **FOOD** REVOLUTION GROUP

ABN 20 150 015 446

INTERIM REPORT

31 December 2020



The Food Revolution Group Limited ABN 20 150 015 446
and Controlled Entities

Interim Financial Report

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Results for Announcement to the Market

| Key Information | Half-year Ended | Half-year Ended | % Change |
|---|---------------------------|---------------------------|----------|
| | 31 December 2020 \$ | 31 December 2019 \$ | |
| Gross revenue from ordinary activities | 22,217,639 | 17,960,069 | 24% |
| Profit after tax from ordinary activities attributable to members | 32,022 | (1,782,906) | 102% |
| Net profit attributable to members | 32,022 | (1,782,906) | 102% |

Dividends Paid and Proposed

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

Explanation of Key Information and Dividends

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

Net Tangible Assets per Share

| | Half-year Ended 31 December 2020 cents/Share | Half-year Ended 31 December 2019 cents/Share |
|-------------------------------|--|--|
| Net tangible assets per share | (0.10) | 0.42 |

Control Gained or Lost over Entities in the Half-year

No changes.

Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans in operation.

Investments in Associates and Joint Ventures

Not applicable.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group (group) for the half-year ended 31 December 2020.

Directors

The names of directors who held office during or since the end of the half-year:

Tao (Norman) Li – Non-Executive Chairman

Tony Rowlinson – CEO, appointed on 14 April 2020 and Managing Director, appointed on 27 August 2020

Matthew Bailey – Non-Executive Director

Minna (Norman) Rong – Non-Executive Director

Rocky Zhou – Non-Executive Director, appointed 24 September 2020

Principal Activities

The principal activities of the consolidated group during the half-year were:

- Manufacture of a range of functional beverages, fibres, fruit juice, and ingredients;
- Research and development of various innovative food related technologies to develop healthy functional food products in food supplements and ingredients.

The Group's operations are currently conducted in Australia.

Review of Operations

The strong gross sales for our business, up 24% over the previous comparable periods (PCP), reflects the growing consumer demand for fresh and healthy juices (especially oranges) with increased importance on vitamin enriched and functional beverages to help build the immune system. The product campaign with Woolworths has shown positive results to drive consumer choice for OJC Quenchers during the peak summer period.

Importantly the company has continued to focus on identifying and executing operational performance initiatives. We have increased the production through-put at the Mill Park facility, reduced waste, lowered overall labour costs and driven significant operational efficiencies through our company. The company is committed to the continued pursuit of operational excellence and we expect to continue to improve our efficiencies in coming periods which will continue to enhance our EBITDA position and overall financial performance.

Our balance sheet has the flexibility to increase the profile of our Original Juice Co and Juice Lab products as well as deliver new product range to the market in coming periods to drive further growth.

FOD continues to execute on our ambition of being a leading provider of beverages, functional foods, nutraceuticals, and wellness supplements that improve the quality of consumers lives in the use of all-natural ingredients.

DIRECTORS' REPORT

Figure 1: FOD product Range



The Original Juice Black Label products continue to grow market share with a growth of 18% over the period. OBL continues to outperform fresh juice market, increasing our share to 13% of the \$560m market.

Operating Results

– Revenue

1. FOD's gross revenues for the period were \$22.218 million (before allowing for volume rebates and trading terms of \$3.972 million) an increase of 23.71% versus the pcp. The uplift in revenue was driven by strong sales volumes as well as the impact of the price increases for the OBL product range announced in September 2020.

– Cashflow

1. Operational cash outflow for the period of \$249,525 represents a significant improvement compared with PCP.
2. Cash of \$2.94 million on hand at 31 December 2020.
3. Successful placement of \$4 million to support the rollout of Juice Lab wellness products, drive various marketing and operational initiatives in addition to \$0.498 million was raised from Share Purchase Plan (SPP).

\$2.4 million before costs of the placement was received in December 2020 with the remainder of the capital raise of \$2.098 million received in January 2021 and February 2021. This comprises funds for the SPP of \$0.498 million was received on the 5 January 2021 and tranche 2 of the placement of \$1.6m was received on 5 February 2021.

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DIRECTORS' REPORT

– Gross profit and EBITDA

1. The gross profit reached \$5.69 million which equates to 31% of Net Sales.
2. The profit before tax was \$ 32,022 for the half-year.
3. The combination of improving sales volumes, prices and efficiencies delivered a 1HF Y21 EBITDA of \$2.13 million for 1H FY21, a significant improvement on the EBITA for previous corresponding period of \$0.21 million.

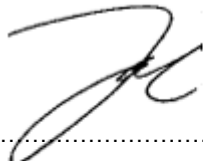
– EBITDA calculation

| | |
|------------------------------------|-----------|
| Profit before tax | 137,652 |
| Add: Depreciation and amortisation | 1,344,604 |
| Add: Finance costs | 749,388 |
| EBITDA | 2,231,644 |

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on the following page for the half-year ended 31 December 2020.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Norman Li

Non-Executive Chairman

Dated: 25 February 2021

THE FOOD REVOLUTION GROUP LIMITED AND CONTROLLED ENTITIES
ABN 20 150 015 446

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF THE FOOD REVOLUTION GROUP LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Food Revolution Group Limited. As the lead audit partner for the review of the financial report of The Food Revolution Group Limited for the half-year ended 31 December 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Nell Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

GRAHAM WEBB
Partner
Dated: 25 February 2021

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The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 31 DECEMBER 2020

| | Consolidated Group | | |
|--|--------------------|-------------------------------------|-------------------------------------|
| | Note | Half-year Ended 31 December 2020 | Half-year Ended 31 December 2019 |
| | | \$ | \$ |
| Revenue | | 18,246,074 | 14,981,318 |
| Cost of sales | | (12,556,345) | (10,556,370) |
| Gross profit | | <u>5,689,729</u> | <u>4,424,948</u> |
| Other income | | 500,704 | 638,377 |
| Administrative expenses | | (558,429) | (604,641) |
| Depreciation, amortisation and write-offs | | (1,344,604) | (1,307,355) |
| Employment costs | | (1,273,481) | (2,279,138) |
| Finance costs | | (749,388) | (676,056) |
| Marketing expenses | | (200,822) | (386,964) |
| Operating costs | | (1,782,847) | (1,544,976) |
| Reversal/ (impairment) of financial assets | | (7,098) | 280,372 |
| Impairment of non-financial assets | | - | (218,800) |
| Share-based payments | | (136,112) | (108,673) |
| Profit / (Loss) before income tax | | <u>137,652</u> | <u>(1,782,906)</u> |
| Income tax expense | | (105,630) | - |
| Profit / (Loss) for the period | | <u>32,022</u> | <u>(1,782,906)</u> |
| Other comprehensive income | | | |
| Gain on revaluation of plant and equipment, net of tax | | 105,630 | - |
| Other comprehensive income for the period | | <u>105,630</u> | <u>-</u> |
| Total comprehensive income for the period | | <u>137,652</u> | <u>(1,782,906)</u> |
| | | Cents | Cents |
| Basic Profit / (Loss) per share | | 0.0044 | (0.26) |
| Diluted Profit / (Loss) per share | | 0.0000 | (0.26) |

The accompanying notes form part of these financial statements.

The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Note | Consolidated Group | |
|--------------------------------------|------|--------------------|-------------------|
| | | As at | As at |
| | | 31 December 2020 | 30 June 2020 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 2,936,581 | 2,937,212 |
| Trade and other receivables | | 1,481,589 | 1,963,518 |
| Inventories | | 3,664,242 | 3,481,746 |
| Other assets | | 96,037 | 129,456 |
| TOTAL CURRENT ASSETS | | 8,178,449 | 8,511,932 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 15,535,510 | 16,230,549 |
| Right of use assets | 5 | 6,639,285 | 6,945,259 |
| Deferred tax assets | | 3,654,720 | 4,005,705 |
| Intangible assets | 6 | 6,875,780 | 6,651,782 |
| TOTAL NON-CURRENT ASSETS | | 32,705,295 | 33,833,295 |
| TOTAL ASSETS | | 40,883,744 | 42,345,227 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 9,357,496 | 12,168,843 |
| Lease liabilities | | 354,924 | 338,144 |
| Borrowings | 7 | 6,861,913 | 7,583,762 |
| Provisions | | 418,360 | 329,849 |
| TOTAL CURRENT LIABILITIES | | 16,992,693 | 20,420,598 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 7,499,549 | 7,683,860 |
| Deferred tax liabilities | | 3,654,721 | 4,005,705 |
| Provisions | | 2,434 | 55,480 |
| TOTAL NON-CURRENT LIABILITIES | | 11,156,704 | 11,745,045 |
| TOTAL LIABILITIES | | 28,149,397 | 32,165,643 |
| NET ASSETS | | 12,734,347 | 10,179,584 |
| EQUITY | | | |
| Issued capital | 8 | 49,083,074 | 46,802,075 |
| Options Reserve | | 686,777 | 550,665 |
| Revaluation Reserve | | 9,017,833 | 8,912,203 |
| Accumulated losses | | (46,053,337) | (46,085,359) |
| TOTAL EQUITY | | 12,734,347 | 10,179,584 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

| Consolidated Group | Ordinary Share Capital | Accumulated Losses | Revaluation Surplus | Options Reserve | Total |
|---|---------------------------|-----------------------|------------------------|--------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 41,402,075 | (36,689,544) | 8,753,758 | 90,561 | 13,556,850 |
| Comprehensive income | | | | | |
| Loss for the period | - | (1,782,906) | - | - | (1,782,905) |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | (1,782,906) | - | - | (1,782,905) |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | |
| Shares issued during the period, net of transaction costs | 5,400,000 | - | - | - | 5,400,000 |
| Share-based payments transaction | - | - | - | 108,673 | 108,673 |
| Total transactions with owners and other transfers | 5,400,000 | - | - | 108,673 | 5,508,673 |
| Balance at 31 December 2019 | 46,802,075 | (38,472,450) | 8,753,758 | 199,234 | 17,282,617 |
| Balance at 1 July 2020 | 46,802,075 | (46,085,359) | 8,912,203 | 550,665 | 10,179,584 |
| Comprehensive income | | | | | |
| Profit for the period | - | 32,022 | - | - | 32,022 |
| Other comprehensive income for the period | - | - | 105,630 | - | 105,630 |
| Total comprehensive income for the period | - | 32,022 | 105,630 | - | 137,652 |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | |
| Shares issued during the period, net of transaction costs | 2,280,999 | - | - | - | 2,280,999 |
| Share-based payments transaction | - | - | - | 136,112 | 136,112 |
| Total transactions with owners and other transfers | 2,280,999 | - | - | 136,112 | 2,417,111 |
| Balance at 31 December 2020 | 49,083,074 | (46,053,337) | 9,017,833 | 686,777 | 12,734,347 |

The accompanying notes form part of these financial statements.

The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

| | Consolidated Group | |
|---|-------------------------------------|-------------------------------------|
| | Note | |
| | Half-year Ended 31 December 2020 | Half-year Ended 31 December 2019 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 16,984,017 | 16,093,473 |
| Payments to suppliers and employees | (16,908,395) | (19,578,415) |
| Interest paid | (325,147) | (378,982) |
| Net cash (used in) by operating activities | (249,525) | (3,863,924) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of brand names and other intangible assets | (292,934) | (1,299,220) |
| Purchase of property, plant and equipment | (453,733) | (651,081) |
| Net cash (used in) investing activities | (746,667) | (1,950,301) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 2,280,999 | 5,400,000 |
| Proceeds from borrowings | 12,768,012 | 12,784,795 |
| Repayment of borrowings | (13,584,862) | (13,386,687) |
| Payment of lease liabilities | (468,588) | (433,265) |
| Net cash provided by financing activities | 995,561 | 4,364,843 |
| Net (decrease) in cash held | (631) | (1,449,382) |
| Cash and cash equivalents at beginning of period | 2,937,212 | 3,045,578 |
| Cash and cash equivalents at end of period | 2,936,581 | 1,596,196 |

The accompanying notes form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of The Food Revolution Group Limited and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 25 February 2021.

b. **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

c. **Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the half-year ended 31 December 2020, the group incurred operating cash outflows of \$249,525 and as of that date, the group's current liabilities exceeded its current assets by \$8,814,244.

The group received binding commitments to raise \$4 million before costs under a placement of new shares to a range of institutional and sophisticated investors in December 2020. The group also launched a Share Purchase Plan (“SPP”) which raised a further \$498,000.

\$2.4 million before costs of the placement were received in December 2020, with the remainder of the capital raise received in January 2021 and February 2021 of \$2.098 million. Funds for the SPP of \$498k were received on the 5 January 2021 and tranche 2 of the placement of \$1.6m were received on 5 February 2021. With the funds from the capital raising, the directors believe that the group will be able to pay its debts as and when they become due. In reaching this conclusion the directors have had regard to the group having available cash reserves to meet expected operating, investing and financing cost in the next twelve months.

NOTE 2: DIVIDENDS

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

NOTE 3: OPERATING SEGMENTS

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Directors have considered the requirements of AASB 8 – Operating Segments and have concluded that at this time there are no separately identifiable reportable segments.

The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

NOTE 4: PLANT AND EQUIPMENT

| | Consolidated Group | |
|---------------------------|-----------------------------------|-------------------------------|
| | As at 31 December 2020 | As at 30 June 2020 |
| | \$ | \$ |
| Plant and equipment: | | |
| At fair value | 20,885,246 | 20,628,696 |
| Accumulated depreciation | (5,416,526) | (4,466,852) |
| | 15,468,720 | 16,161,844 |
| Office equipment: | | |
| At cost | 327,131 | 327,131 |
| Accumulated depreciation | (260,341) | (258,426) |
| Office equipment: | 66,790 | 68,705 |
| Total plant and equipment | 15,535,510 | 16,230,549 |

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current half-year:

| | Plant and Equipment | Office Equipment | Total |
|-----------------------------|--------------------------------|-----------------------------|--------------|
| | \$ | \$ | \$ |
| Consolidated Group | | | |
| Balance at 30 June 2020 | 16,161,844 | 68,705 | 16,230,549 |
| Additions | 256,550 | - | 256,550 |
| Depreciation expense | (949,674) | (1,915) | (951,589) |
| Balance at 31 December 2020 | 15,468,720 | 66,790 | 15,535,510 |

The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5: RIGHT-OF-USE ASSETS

| | Consolidated Group | |
|---------------------------|--------------------|-------------|
| | As at | As at |
| | 31 December 2020 | 30 Jun 2020 |
| | \$ | \$ |
| Leased building | 7,746,445 | 7,746,445 |
| Accumulated depreciation | (1,368,877) | (1,119,990) |
| | 6,377,568 | 6,626,455 |
| Leased equipment | 468,879 | 468,879 |
| Accumulated depreciation | (207,162) | (150,075) |
| | 261,717 | 318,804 |
| Total right-of-use assets | 6,639,285 | 6,945,259 |

a. **Movements in Carrying Amounts**

| | Leased building | Leased equipment | Total |
|-------------------------|-----------------|------------------|-----------|
| | \$ | \$ | \$ |
| Balance as of June 2020 | 6,626,455 | 318,804 | 6,945,259 |
| Additions | - | - | - |
| Depreciation expense | (248,887) | (57,087) | (305,974) |
| Net carrying amount | 6,377,568 | 261,717 | 6,639,285 |

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The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 6: INTANGIBLE ASSETS

| | Consolidated Group | |
|--|---------------------------|----------------------|
| | As at 31 December 2019 | As at 30 Jun 2020 |
| | \$ | \$ |
| Intellectual property – at cost | | |
| Cost | 277,035 | 266,101 |
| Accumulated impairment losses | (196,946) | (195,195) |
| Net carrying amount | 80,089 | 70,906 |
| Brand names – at cost | | |
| Cost | 7,915,001 | 7,915,001 |
| Accumulated impairment losses | (2,297,732) | (2,297,732) |
| Net carrying amount | 5,617,269 | 5,617,269 |
| Product development costs – at cost | | |
| Cost | 2,294,558 | 2,012,558 |
| Accumulated amortisation and impairment losses | (1,117,231) | (1,050,046) |
| Net carrying amount | 1,177,327 | 962,512 |
| Other Intangible assets: | | |
| Cost | 1,095 | 1,095 |
| Net carrying amount | 1,095 | 1,095 |
| Total intangible assets | 6,875,780 | 6,651,782 |

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of intangible assets between the beginning and the end of the current half-year:

| | Intellectual property | Brand names | Product development costs | Others | Total |
|-------------------------------------|--------------------------|----------------|---------------------------------|--------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Consolidated Group: | | | | | |
| Balance at 1 July 2020 | 70,906 | 5,617,269 | 962,512 | 1,095 | 6,651,782 |
| Additions | 10,934 | - | 282,000 | - | 292,934 |
| Amortisation and impairment charges | (1,751) | - | (67,185) | - | (68,936) |
| Balance at 31 December 2020 | 80,089 | 5,617,269 | 1,177,327 | 1,095 | 6,875,780 |

The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 7: BORROWINGS

| | CONSOLIDATED GROUP | |
|---------------------------|---------------------------|---------------------|
| | As at | As at |
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| CURRENT | | |
| Secured liabilities: | | |
| Loan – Greensill facility | 6,861,913 | 7,583,762 |
| Total current borrowings | 6,861,913 | 7,583,762 |

Loan from Greensill is secured, bears 7.25% to 7.75% interest p.a. The carrying amounts of total assets pledged as security are general security over all current and future assets.

NOTE 8: ISSUED CAPITAL

| | Note | CONSOLIDATED GROUP | |
|--|-------------|---------------------------|---------------------|
| | | As at | As at |
| | | 31 December 2020 | 30 June 2020 |
| | | \$ | \$ |
| 793,375,705 fully paid ordinary shares | a | 49,083,074 | 46,802,075 |
| | | 49,083,074 | 46,802,075 |
| | | No. | \$ |
| a. Ordinary Shares | | | |
| Balance at 1 July 2020 | | 724,674,526 | 46,802,075 |
| Shares issued | | 68,701,179 | 2,280,999 |
| Balance at 31 December 2020 | | 793,375,705 | 49,083,074 |

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8: FAIR VALUE MEASUREMENTS

The group measures some items of plant and equipment at fair value on a non-recurring basis

a. **Valuation Techniques**

In the absence of an active market for an identical asset or liability, the group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the group are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

b. **Fair Value Hierarchy**

Fair Value Measurements at
31 December 2020 Using:

| | Quoted Prices in Active Markets for Identical Assets \$ (Level 1) | Significant Observable Inputs Other than Level 1 Inputs \$ (Level 2) | Significant Unobservable Inputs \$ (Level 3) |
|--|--|---|--|
| Plant and equipment – at revalued amounts | - | - | 15,468,720 |
| Total recurring fair value measurements | - | - | 15,468,720 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: FAIR VALUE MEASUREMENTS

c. **Valuation Techniques Used to Determine Level 3 Fair Values**

The fair value of plant and equipment is based on their market value as determined by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the category of plant and equipment being valued. The most recent valuation was conducted on 27 November 2017 and there were no indicators suggesting that the fair value is materially different than the carrying value of plant and equipment at balance date.

The market value is the amount which an asset should exchange at the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The valuation also assumes the assets will be sold by way of a private treaty sale and remain in its current location after the sale.

d. **Reconciliation of Recurring Level 3 Fair Value Measurements**

| | Plant and equipment |
|--|----------------------------|
| | \$ |
| Balance at the beginning of the period | 16,161,844 |
| Additions | 256,550 |
| Depreciation expense | (949,674) |
| | <u>15,468,720</u> |

NOTE 10: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 11: EVENTS AFTER THE END OF THE INTERIM PERIOD

The group received binding commitments to raise \$4 million before costs under a placement of new shares to a range of institutional and sophisticated investors in December 2020. The group also launched a Share Purchase Plan ("SPP") which raised a further \$498,000.

\$2.4 million before costs of the placement were received in December 2020, with the remaining part of the capital raising of \$2.098 million received by 5 February 2021.

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The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 12: RELATED PARTY TRANSACTIONS

| | Consolidated Group Half-year Ended 31 December 2020 \$ |
|--|---|
| Sale of goods and services including sanitizer, net of related expenses to One A Group Pty Ltd | 1,383,358 |
| Professional services and other related expenses rendered by One A Payable at reporting date | 132,000 <u>110,000</u> |
| Professional services and other related expenses rendered by Healthy Generation Pty Ltd Payable at reporting date | 79,200 <u>79,200</u> |
| Professional services and other related expenses rendered by Careline (Australia) Pty Ltd Payable at reporting date | 1,293 <u>128,113</u> |
| Sale of goods and services, net of related expenses to Careline (Australia) Pty Ltd Receivable at reporting date | 43,461 <u>43,461</u> |
| Share service recharge to Healthy Generation Pty Ltd Receivable at reporting date | 39,600 <u>39,600</u> |

One A Group Pty Ltd and Healthy Generation Pty Ltd are entities related to Matthew Bailey. Careline (Australia) Pty Ltd is an entity related to Norman Li.

All outstanding balance with these related parties are priced on an arm's length basis and are to be settled in cash within the standard credit terms. None of these balances is secured. No expense has been recognised in the current year or prior year for bad or doubt debts in respect of amounts owed by related parties. No guarantees have been given or received.

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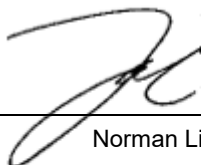
The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Food Revolution Group Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 17, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the Consolidated Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

Chairman



Norman Li

Dated: 25 February 2021

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THE FOOD REVOLUTION GROUP LIMITED AND CONTROLLED ENTITIES
ABN 20 150 015 446

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
THE FOOD REVOLUTION GROUP LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
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Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of The Food Revolution Group Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Food Revolution Group Limited does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of The Food Revolution Group Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the The Food Revolution Group Limited in accordance with 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 annual 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 Food Revolution Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report which indicates that the group incurred operating cash outflows of \$249,525 during the year ended 31 December 2020 and, as of that date, the group's current liabilities exceeded its current assets by \$8,814,244. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

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THE FOOD REVOLUTION GROUP LIMITED AND CONTROLLED ENTITIES
ABN 20 150 015 446

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
THE FOOD REVOLUTION GROUP LIMITED

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of The Food Revolution Group Limited's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of The Food Revolution Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

GRAHAM WEBB

Partner

Dated: 25 February 2021

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THE **FOOD**
REVOLUTION
GROUP