



THE **FOOD**
REVOLUTION
GROUP

2021

FULL YEAR
STATUTORY
ACCOUNTS

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The financial report is presented in Australian dollars.

Corporate directory

Directors

Norman Li	Chairman
Jacqueline Phillips	Non-executive director
David Marchant	Non-executive director
Minna (Norman) Rong	Non-executive director
Rocky Zhou	Non-executive director

Postal Address

20 Heaths Court, Mill Park, VIC 3082

ASX code:

FOD

Share Registry

Advanced Share Registry

Auditors

Hall Chadwick
Level 40, 2 Park Street, Sydney, NSW 2000

Australian Securities

Exchange Centre
20 Bridge Street, Sydney, NSW 2000

Solicitors

DWF Law
600 Bourke Street, Melbourne, VIC 3000

Web Address/Corporate Governance Statement

www.thefoodrevolutiongroup.com.au



OP

OPERATING &
FINANCIAL REVIEW

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

Financial report for the year ended 30 June 2021

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the consolidated group (**Group**) during the financial year were:

- the manufacture of a range of functional juices, fibres, infused fruits and fruit waters for sale as branded products and/or ingredients;
- the provision of co-packing services to third parties; and
- the research and development of various innovative food related technologies to develop new functional food products and ingredients.

The Group's operations were conducted in Australia.

Significant Changes to Activities

There were no significant changes in the nature of the consolidated Group's principal activities during the financial year.

Operating Results

Revenue

Gross sales for the Group were \$42,012,782 and net revenues after trading terms, volume rebates and other claims (**trading terms**) were \$34,026,091. The juice related sales of \$40.6m are up 13% on FY20 juice sales of \$36m. Trading terms generally apply in respect of sales of product into the grocery channel.

Gross Profit

Gross profit margin for the year was 28% compared to the prior year of 15%.

Gross margins were significantly improved mainly due to the Company securing significant price increases with all the major retailing customers over all of the Original Black Label (OBL) juice products during the financial year. Higher profitability of the product mix and optimal procurement of raw materials also contributed to the improved gross margins.

Expenses

Expenses as % of Net Revenue decreased to 24% in FY2021 compared to 30% in FY2020 due primarily to a decrease in marketing costs. This decrease in marketing expenditure was primarily due to the impact of COVID-19 limiting promotional opportunities.

	2021	2020
	\$	\$
Employment costs	3,527,078	4,442,660
Administrative costs	1,128,378	1,065,152
Operating costs	2,966,168	3,161,874
Marketing costs	632,386	1,695,133
Total	8,254,010	10,364,819
% Net Revenue	24%	30%

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

OPERATING AND FINANCIAL REVIEW

	2021 \$	2020 \$
Statutory loss after tax	(2,166,780)	(9,613,161)
Income tax expense	105,630	158,445
Depreciation, amortisation and write-offs	2,723,238	2,699,289
Interest	1,173,252	1,295,588
EBITDA	1,835,340	(5,459,839)

Cash flow

Cash balances at year end increased to \$4,410,639, from prior year balance of \$2,937,212 This increase in cash reserves is primarily due to the capital that was raised during the year.

Debt

Borrowings have decreased by \$1.2m due to partial repayment of debt on the Greensill facility during the year.

On 12 July 2021, the Group secured a bank facility from NAB which includes:

- a \$6.5m equipment finance loan at an improved fixed 4.2% interest rate over all of the company's assets and will be over a 5-year term. This loan replaced the previous Greensill facility on 30 July 2021.
- a \$1.0m invoice finance facility at 6.22% interest secured over all of the company's assets and reviewed annually on an ongoing basis. This facility will be used for working capital.

Financial Position

The net assets of the consolidated Group have increased by \$5,279,858 as of 30 June 2020 to \$15,459,442 as of 2021. This increase is largely due to capital raised during the year and improved operating performance.

The directors believe the Group is in a stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 24 September 2020 Rocky Zhou was appointed Non-Executive Director.
- On 4 March 2021 Steven Cail was appointed CFO.

Events after the Reporting Period

- On 12 July 2021, Tony Rowlinson resigned as CEO and Managing Director and Steven Cail was appointed as CEO.
- On 12 July 2021, Jacqueline Phillips was appointed Non-Executive Director.
- On 12 July 2021 the Company secured a financing facility with National Australia Bank.
- One 30 July 2021 the Company used the financing facility with National Australia Bank to replace the outstanding Greensill loan.
- On 6 September 2021 Matthew Bailey resigned as a Director.
- On 6 September 2021 David Marchant was appointed Non-Executive Director.

There are no other events that have occurred after the balance date that would have an effect on the group's financial

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

OPERATING AND FINANCIAL REVIEW

statements other than those that are already reflected in the financial statements.

Future Developments, Prospects and Business Strategies

In delivering FOD Vision:

“To be a leading provider of beverages, nutraceuticals, functional foods and wellness supplements, that improve the quality of consumers lives in the use of all- natural ingredients”

The ambition in Australia is to establish FOD as a leading juice supplier and lead functional/ wellness beverages and supplements. The Company is planning to rollout wellness ranges into China and other export markets.

Key strategic pillars to deliver future profitable growth:

Improve the foundations:

- *Balance Sheet*
- *Cash improvements*
- *Governance*
- *Capability and brand*

Profitability and growth:

- *Original Black Label core range growth*
- *Juice Lab brand growth*
- *Maximise margins via procurement changes and asset utilisation*
- *Domestic channel growth*
- *Export opportunities*

Environmental Issues

The consolidated Group's operations are not subject to significant environmental regulations under the laws of the Commonwealth and state.



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DIRECTORS'
REPORT

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

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of The Food Revolution Group Limited and its controlled entities for the financial year ended 30 June 2021. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2021 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of The Food Revolution Group Limited during or since the end of the financial year up to the date of this report:

Tao (Norman) Li – Non-Executive Chairman
Tony Rowlinson – CEO and Managing Director, resigned 12 July 2021
Matthew Bailey – Non-Executive Director, resigned 6 September 2021
Minna (Norman) Rong – Non-Executive Director
Rocky Zhou – Non-Executive Director, appointed 24 September 2020
Jacqueline Phillips – Non-Executive Director, appointed 12 July 2021
David Marchant – Non-Executive Director, appointed 6 September 2021

Particulars of each current director's experience and qualifications are set out in the following section of this report.

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

Indemnifying Officers or Auditor

During the financial year, the Group paid premiums based on normal commercial terms and conditions to insure all directors and officers of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy.

The Company has in place Deeds of Indemnity, Insurance and Access with each of its current Directors and such other officers that the Directors determine are entitled to receive the benefit of an indemnity.

No indemnity is provided to the auditor.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services provided during the year ended 30 June 2021 by Hall Chadwick.

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

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 19 of the financial report.

During the year the following options were issued:

Grant Date	Date of Expiry	Exercise Price	No.
22/01/2021	22/01/2024	\$0.06	7,500,000
30/03/2021	30/06/2024	\$0.037	5,000,000
01/04/2021	06/04/2023	\$0.06	38,571,427

There were no options exercised during the year.

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Information Relating to Current Directors and Company Officers

Norman Li	–	Non-Executive Chairman
Experience	–	Board member since 1 November 2018
Interest in Shares and Options	–	194,036,036 ordinary shares (directly and indirectly held) in The Food Revolution Group Limited
Special Responsibilities	–	Strategic direction regarding Chinese market and operational leadership
Directorships held in other listed entities during the three years prior to the current year	–	None
Matthew Bailey	–	Non-Executive Director
Experience	–	Board member since 11 February 2016, resigned 6 September 2021
Interest in Shares and Options	–	51,047,143 ordinary shares (directly and indirectly held) in The Food Revolution Group Limited
Special Responsibilities	–	Sales and Marketing leadership
Directorships held in other listed entities during the three years prior to the current year	–	None

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DIRECTORS' REPORT

Minna (Norman) Rong	–	Non-Executive Director
Experience	–	Board member since 11 February 2016
Interest in Shares and Options	–	Nil
Special Responsibilities	–	China market growth
Directorships held in other listed entities during the three years prior to the current year	–	None
Tony Rowlinson	–	Chief Executive Officer and Managing Director, resigned 12 July 2021
Experience	–	Board Member since 27 August 2020, resigned 12 July 2021
Interest in Shares and Options	–	500,000 ordinary shares and 40,000,000 options in The Food Revolution Group Limited
Special Responsibilities	–	None
Directorships held in other listed entities during the three years prior to the current year	–	None
Rocky Zhou	–	Non-Executive Director
Experience	–	Board Member since 24 September 2020
Interest in Shares and Options	–	Nil
Special Responsibilities	–	None
Directorships held in other listed entities during the three years prior to the current year	–	None
Steven Cail	–	Chief Executive Officer
Experience	–	CEO since 12 July 2021
Interest in Shares and Options	–	Nil
Special Responsibilities	–	None
Directorships held in other listed entities during the three years prior to the current year	–	None
Jacqueline Phillips	–	Non-Executive Director
Experience	–	Board Member since 12 July 2021
Interest in Shares and Options	–	477,512 ordinary shares
Special Responsibilities	–	None
Directorships held in other listed entities during the three years prior to the current year	–	None

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

David Marchant	–	Non-Executive Director
Experience	–	Board Member since 6 September 2021
Interest in Shares and Options	–	Nil
Special Responsibilities	–	None
Directorships held in other listed entities during the three years prior to the current year	–	None

Daniela Stojanoska	–	Finance Manager and Company Secretary
Experience	–	Company Secretary since 21 October 2020
Interest in Shares and Options	–	Nil
Special Responsibilities	–	Finance Manager

Meetings of Directors

During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Norman Li	9	9
Matthey Bailey ⁽⁴⁾	9	9
Norman Rong	9	4
Tony Rowlinson ⁽⁵⁾	9	9
Rocky Zhou ⁽¹⁾	7	7
Jacqueline Phillips ⁽²⁾	-	-
David Marchant ⁽³⁾	-	-

Notes:

1. Appointed 24 September 2020
2. Appointed 12 July 2021
3. Appointed 6 September 2021
4. Resigned 6 September 2021
5. Resigned 12 July 2021

The Board is currently in the process of establishing 2 new committees, being the Audit & Risk committee and the Nominations & Remuneration committee.



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REMUNERATION
REPORT

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

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of The Food Revolution Group Limited (**FOD or the Company**) has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and having regard to the current incentive to achieve revenue and earnings milestones pursuant to the performance shares issued to KMP as part of the acquisition of Langtech International Pty Ltd (**Langtech**) by the Company. The Board has also established an employee share option plan (**ESOP**). The Board believes the current remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated Group is as follows:

- The remuneration policy is to be developed by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary or services fee (which is based on factors such as length of service and experience), superannuation, and become eligible ESOP participants (subject to Board invitation).
- Other performance incentives (such as bonuses) are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives in the form of ESOP options are intended to align the interests of KMP and the Company with those of the shareholders.
- The remuneration committee reviews KMP packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on performance of the Group versus budget together with individual performance. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance/results leading to long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government, which is currently 10.0% of the individual's average weekly ordinary time earnings (AWOTE).

Other than the entitlements provided under the Group's defined contribution superannuation arrangements, KMP do not receive any other retirement benefits.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate KMP (including non-executive directors) at market rates for time, commitment and responsibilities. The board currently determines payments to KMP and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

Options granted under the ESOP do not carry dividend or voting rights. The board is responsible for determining any conditions attaching to the options (including issue price, exercise price, vesting conditions, and conditions of exercise).

Engagement of Remuneration Consultants

The board did not engage any remuneration consultants during the financial year. The board will consider the appropriateness of appointing a remuneration consultant during FY22 to review the elements of KMP remuneration and to provide appropriate recommendations.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and, in some instances, relevant industry standards.

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

REMUNERATION REPORT

Performance in relation to the KPIs is assessed annually, with any KPI related bonuses being awarded based on achievement of the relevant KPIs (see below for further information regarding cash bonuses). Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, The Food Revolution Group Limited bases the assessment on audited figures and quantitative and qualitative data.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPIs, and the second being the establishment of an ESOP (under which KMP are eligible participants, subject to Board invitation) to encourage the alignment of personal and shareholder interests.

The Board is of the opinion that the above remuneration policy will enhance company performance going forward.

The Board has decided to increase and maintain promotional activity among analysts so as to increase investor awareness of the company and to stabilise the company's share price in line with a consistent and stable financial position.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of cash bonus reward schemes, in particular the incorporation of incentive payments based on the achievement of Group budgets. The Group does not currently have any cash bonus rewards schemes tied to the company's share price, preferring at this stage to align such cash bonus rewards to operational performance.

The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the KPIs is based on a review of the audited financial statements of the Group.

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

REMUNERATION REPORT

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based, having regard to the existing performance shares issued to KMP together with the current shareholdings of KMP (see notes 1 to 5 below for further detail).

Group KMP	Position Held as at 30 June 2021 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives %	Shares/Units %	
Norman Li	Chairman since Nov 01, 2018	Appointment deed	-	-	100
Tony Rowlinson	CEO and Managing Director ⁽¹⁾	Employment contract	-	-	100
Matthew Bailey	Non-Executive Director ⁽²⁾	Appointment deed	-	-	100
Norman Rong	Non- Executive Director	Appointment deed	-	-	100
Rocky Zou	Non- Executive Director	Appointment deed	-	-	100
Joe Zhou	Finance Director ⁽³⁾	Employment contract	-	-	100
Nick Stoikos	Commercial Director ⁽⁴⁾	Employment contract	-	-	100
Steven Cail	CFO ⁽⁵⁾	Employment contract	-	-	100

Notes:

1. Mr. Rowlinson resigned as Managing Director and CEO on 12 July 2021.
2. Mr. Bailey represents Food Innovators Pty. Ltd. (FI), a substantial shareholder of FOD. As representative of one of the Company's largest shareholders, the Board believes Mr. Bailey has adequate performance incentives by virtue of FI's shareholding.
3. The employment contract for Mr. Zhou is for an unspecified term. It can be terminated by either party with 3 months' notice.
4. The employment contract for Mr. Stoikos is for an unspecified term. It can be terminated by either party with 3 months' notice. Mr Stoikos is granted with 5 million options, 4 million of which are based on Sales targets, each for one ordinary share at an exercise price of 3.7 cents.
5. Mr. Cail was appointed CFO on 4th March 2021. His employment contract is for an unspecified term. It can be terminated by either party with 3 months' notice. Post FY21, Mr. Cail was appointed CEO of the company. The employment contract is for an unspecified term and can be terminated by either party with 3 months' notice within the first 6 months of employment. After the first 6 months of employment, the Company may terminate the employment agreements by giving 6 months' notice and Mr. Cail may terminate the agreement by giving 3 months' notice.

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

REMUNERATION REPORT

The employment terms and conditions of all KMP are formalised in contracts of employment, director appointment deeds or services contracts (as the case may be).

Terms of employment generally requires that KMP's are provided with minimum of 1 months' notice (and up to 6 months' notice) prior to termination of such person's contract. KMP's who are directors cannot be terminated by the company, other than in accordance with the Corporations Act 2001 (Cth). Termination payments are not payable on resignation or termination, with the exception of Mr. Rowlinson, who is entitled to termination payment of 6 months' salary.

Remuneration Expense Details for the Year Ended 30 June 2021

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2021

		Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments(2)(3)		Cash-settled Share-based Payments	Termination Benefits	Total
		Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary	Other	Super-annuation	Other	Incentive Plans	LSL	Shares /Unit Options Rights				
										\$	\$			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Group KMP														
John Fitzgerald	2020	90,113	-	-	-	6,298	-	-	-	-	-	-	-	96,411
	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
John Florey	2020	295,417	-	-	-	28,065	-	-	-	-	126,785	-	18,027	468,294
	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
Tony Rowlinson	2020	71,136	50,000	-	-	6,045	-	-	-	-	550,665	-	-	677,846
	2021	363,000	-	-	32,407	34,485	-	-	-	-	274,473	-	-	704,365
Matthew Bailey	2020	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000
	2021	27,500	-	-	-	-	-	-	-	-	-	-	-	27,500
Norman Rong	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	2021	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000
Joe Zhou	2020	182,648	-	-	-	17,352	-	-	-	-	-	-	-	200,000
	2021	182,648	-	-	-	17,352	-	-	-	-	-	-	-	200,000
Norman Li	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	2021	13,200	-	-	-	-	-	-	-	-	-	-	-	13,200
Rocky Zhou	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	2021	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000
Nick Stoikos	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	2021	200,015	-	-	-	19,001	-	-	-	-	23,627	-	-	242,643
Steven Cail	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	2021	68,653	-	-	-	6,522	-	-	-	-	-	-	-	75,175
Total KMP	2020	664,314	50,000	-	-	57,760	-	-	-	-	677,450	-	18,027	1,467,551
	2021	867,016	-	-	32,407	77,360	-	-	-	-	298,100	-	-	1,274,883

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

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

REMUNERATION REPORT

KMP Shareholdings – Ordinary shares

The number of ordinary shares in FOD held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Issued during the Year	Released from Escrow during the Year	Other Changes during the Year	Balance at End of Year
Matthew Bailey ⁽¹⁾	48,190,000	-	-	2,857,143	51,047,143
Norman Rong	-	-	-	-	-
Norman Li ⁽¹⁾	250,518,518	-	-	(56,482,482)	194,036,036
Tony Rowlinson	500,000	-	-	-	500,000
Rocky Zhou	-	-	-	-	-
Joe Zhou	-	-	-	-	-
Nick Stoikos	-	-	-	-	-
Steven Cail	-	-	-	-	-
	299,208,518	-	-	(53,625,339)	245,583,179

The number of options in FOD held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Issued during the Year	Lapsed during the Year	Other Changes during the Year	Balance at End of Year
Matthew Bailey	-	-	-	-	-
Norman Rong	-	-	-	-	-
Norman Li	-	-	-	-	-
Tony Rowlinson	40,000,000	-	-	-	40,000,000
Rocky Zhou	-	-	-	-	-
Joe Zhou	-	-	-	-	-
Nick Stoikos	-	5,000,000	-	-	5,000,000
Steven Cail	-	-	-	-	-
	40,000,000	5,000,000	-	-	45,000,000

The number of performance shares in FOD held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Lapsed during the Year	Issued during the Year	Other Changes during the Year	Balance at End of Year
Matthew Bailey	-	-	-	-	-
Norman Rong	-	-	-	-	-
Norman Li	190,000,000	(190,000,000)	-	-	-
Tony Rowlinson	-	-	-	-	-
Joe Zhou	-	-	-	-	-
Nick Stoikos	-	-	-	-	-
Steven Cail	-	-	-	-	-
	190,000,000	(190,000,000)	-	-	-

Note:

¹. Includes shares held by related parties of Mr Li and Mr Bailey

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

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

REMUNERATION REPORT

Other Transactions with KMP and/or their Related Parties

Please refer to Note 23: *Related Party Transactions* for details regarding other transactions conducted between the Group and KMP or their related parties.

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



Norman Li, Chairman

Dated: 30 September 2021



AU

AUDITOR'S
INDEPENDENCE
DECLARATION

THE FOOD REVOLUTION GROUP LIMITED

ABN 20 150 015 446

AND CONTROLLED ENTITIES

**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 audit of the financial report of The Food Revolution Group Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

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

Graham Webb

GRAHAM WEBB

Partner

Dated: 30 September 2021

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STATEMENT OF
PROFIT OR LOSS

OR OTHER COMPREHENSIVE
INCOME

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 YEAR ENDED 30 JUNE 2021

	Note	Consolidated Group 2021 \$	2020 \$
Net Revenue	3	34,026,091	34,813,988
Cost of sales		(24,331,295)	(29,730,830)
Gross profit		9,694,796	5,083,158
Other income	3	806,754	1,055,596
Employment costs	4	(3,527,078)	(4,442,660)
Administration expenses		(1,128,378)	(1,065,152)
Marketing costs		(632,386)	(1,695,133)
Operating costs		(2,966,168)	(3,161,874)
Depreciation, amortisation and write-offs	4	(2,723,238)	(2,699,289)
Finance costs	4	(1,212,252)	(1,295,588)
ASX and ASIC related expenses		(109,884)	(90,754)
Impairment of non-financial assets	12	(753,822)	(734,513)
Reversal of impairment on financial assets	9	788,606	268,943
Share-based payments		(298,100)	(677,450)
Loss before income tax		(2,061,150)	(9,454,716)
Income tax expense	19	(105,630)	(158,445)
Loss for the year		(2,166,780)	(9,613,161)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Gain on revaluation of plant and equipment, net of tax		105,630	158,445
Other comprehensive income for the year		105,630	158,445
Total comprehensive income for the year		(2,061,150)	(9,454,716)
Basic and diluted earnings per share (cents)			
- Basic and diluted (loss) earnings per share in cents	7	(0.27)	(1.49)

The accompanying notes form part of these financial statements.



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STATEMENT OF
FINANCIAL POSITION

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Consolidated Group 2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	4,410,639	2,937,212
Trade and other receivables	9	1,375,458	1,963,518
Inventories	10	2,856,564	3,481,746
Other assets	13	133,635	129,456
TOTAL CURRENT ASSETS		8,776,296	8,511,932
NON-CURRENT ASSETS			
Plant and equipment	11	14,716,191	16,230,549
Intangible assets	12	6,303,115	6,651,782
Right-of-use assets	18	6,333,311	6,945,259
Deferred tax assets	19	3,458,275	4,005,705
TOTAL NON-CURRENT ASSETS		30,810,892	33,833,295
TOTAL ASSETS		39,587,188	42,345,227
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	6,136,135	12,168,843
Provisions	16	447,092	338,144
Borrowings	17	6,400,447	7,583,762
Lease liabilities	18	380,587	329,849
TOTAL CURRENT LIABILITIES		13,364,261	20,420,598
NON-CURRENT LIABILITIES			
Provisions	16	2,433	55,480
Deferred tax liabilities	19	3,458,275	4,005,705
Lease liabilities	18	7,302,777	7,683,860
TOTAL NON-CURRENT LIABILITIES		10,763,485	11,745,045
TOTAL LIABILITIES		24,127,746	32,165,643
NET ASSETS		15,459,442	10,179,584
EQUITY			
Issued capital	20	53,438,952	46,802,075
Options reserve	25	1,254,796	550,665
Revaluation reserve	25	9,017,833	8,912,203
Accumulated losses		(48,252,139)	(46,085,359)
TOTAL EQUITY		15,459,442	10,179,584

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 CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital (Ordinary Shares)	Accumulated Losses	Revaluation Reserve	Options Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	41,402,075	(36,473,898)	8,753,758	90,561	13,772,496
Cumulative adjustment upon adoption of new accounting standard – AASB 16	-	(215,646)	-	-	(215,646)
Balance at 1 July 2019 restated	41,402,075	(36,689,544)	8,753,758	90,561	13,556,850
Comprehensive income					
Loss for the year	-	(9,613,161)	-	-	(9,613,161)
Other comprehensive income for the year	-	-	158,445	-	158,445
Total comprehensive income for the year	-	(9,613,161)	158,445	-	(9,454,716)
Transactions with owners, and other transfers					
Issuance of shares	5,400,000	-	-	-	5,400,000
Transfer from options reserve on expiry of options	-	217,346	-	(217,346)	-
Share-based payments transaction	-	-	-	677,450	677,450
Total transactions with owners, and other transfers	5,400,000	217,346	-	460,104	6,077,450
Balance at 30 June 2020	46,802,075	(46,085,359)	8,912,203	550,665	10,179,584
Comprehensive income					
Loss for the year	-	(2,166,780)	-	-	(2,166,780)
Other comprehensive income for the year	-	-	105,630	-	105,630
Total comprehensive income for the year	-	(2,166,780)	105,630	-	(2,061,150)
Transactions with owners, and other transfers					
Issuance of shares	7,042,908	-	-	-	7,042,908
Capital raising costs	(406,031)	-	-	-	(406,031)
Share-based payment transactions (Note 25)	-	-	-	704,131	704,131
Total transactions with owners, and other transfers	6,636,877	-	-	704,131	7,341,008
Balance at 30 June 2021	53,438,952	(48,252,139)	9,017,833	1,254,796	15,459,442

The accompanying notes form part of these financial statements.



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STATEMENT OF
CASH FLOWS

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated Group 2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		32,404,617	37,572,831
Payments to suppliers and employees		(34,015,294)	(38,878,336)
Interest received		1,266	10,422
Finance costs		(546,895)	(714,814)
Net cash (used in) operating activities	8a	(2,156,306)	(2,009,897)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for intangible assets		(611,068)	(1,600,765)
Payment for plant and equipment		(625,231)	(1,045,623)
Net cash (used in) investing activities		(1,236,299)	(2,646,388)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		15,147,603	26,606,575
Repayment of borrowings		(16,425,918)	(26,594,246)
Proceeds from issuance of shares, net of transaction costs		7,042,908	5,400,000
Repayment of lease liabilities		(898,561)	(864,410)
Net cash provided by financing activities		4,866,032	4,547,919
Net increase/(decrease) in cash held		1,473,427	(108,366)
Cash and cash equivalents at beginning of financial year		2,937,212	3,045,578
Cash and cash equivalents at end of financial year	8	4,410,639	2,937,212

The accompanying notes form part of these financial statements.



NO

NOTES TO THE
FINANCIAL
STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

These consolidated financial statements and notes represent those of The Food Revolution Group Limited and Controlled Entities (the “consolidated group” or “group”). The separate financial statements of the parent entity, The Food Revolution Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 30 September 2021 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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. As at 30 June 2021, the Group had a net current liability position of \$4,587,965 which was 61.5% lower than \$11,908,666 as of 30 June 2020. For the year ended June 2021, the Group incurred a loss after tax of \$2,166,780 and had a cash flow deficit from operating activities of \$2,156,306.

A total of \$7.04m additional capital was raised during the year (net of any transaction costs) to support further growth of the business. Attributing to the capital injection, the Group's net assets increased from \$10.18m at 30 June 2020 to \$15.46m at 30 June 2021.

The directors believe that the Group will be able to pay its debts as and when they become due and payable. In reaching this conclusion the directors have had regard to the Group having available cash reserves and a bank facility to meet expected operating, investing, and financing costs in the next twelve months based on internal financial modelling.

Furthermore, in July 2021, the \$6.4m of borrowings which was recognised as a current liability as at 30 June 2021 has been replaced by a bank loan from NAB at an improved fixed 4.2% interest rate over a 5-year term. After this replacement, the current liabilities of the Group will further decrease to circa \$8m, and the current assets will exceed the current liabilities (assuming the replacement was as at 30 June 2021).

In addition to the \$6.5m loan facility, the Group was also granted a \$1.0m invoice finance facility by NAB for working capital to meet any seasonality cashflow requirements.

This optimises the balance sheet structure and the additional credit facilities guarantees the financial ability of the group to settle all its debts when they become due and payable for at least the next 12 months.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (The Food Revolution Group Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Food Revolution Group Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to member of the tax consolidated group.

c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for plant and equipment.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Office equipment

Office equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of office equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

The carrying amount of office equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15 years (Straight line method)
Office equipment	3 years (Straight line method)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

f. Leases

At inception of a contract, the group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the group where the group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

g. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Financial Instruments

Classification and subsequent measurement

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition. A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Financial Instruments

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach
- the simplified approach

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Financial Instruments

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

h. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Intangibles Other than Goodwill

Brand names

Brand names have been recognised at cost and are treated as having an indefinite useful life. The brand names relate to established products with strong market penetration into Australian markets. The brand names operate in a stable industry with a strong positioning in the functional beverage market. The brand names are not amortised, instead brand names are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Intellectual property

Intellectual property is recognised at cost of acquisition when incurred. Intellectual property has a useful life of 20 years and is carried at cost less any accumulated amortisation and impairment losses. Intellectual property is amortised over the life of the patents they relate to.

Product development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

j. Foreign Currency Transactions and Balances

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. Revenue and Other Income

Revenue recognition

Sale of branded products

The Group manufactures a range of functional juices, fibres, infused fruits and fruit waters for sale as branded products to wholesalers and retailers. Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customers. Discounts can be provided with the sale of these items, depending on the volume of aggregate sales made to certain eligible customers. Revenue from these sales is based on the price stipulated in the contract, net of the estimated discounts. The discounts are estimated using historical experience and applying the expected value method. Revenue is then only recognised to the extent that there is a high probability that a significant reversal of revenue will not occur.

Where there are expected discounts payable to customers for sales made until the end of the reporting period, a contract liability is recognised.

A receivable is recognised when the goods are delivered. The Group's right to consideration is deemed unconditional at this time, as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales (which include those with discounts) are made within a credit term of 30 to 60 days.

Co-packaging and logistic services

The Group provides co-packaging and logistic services to customers and manages the internal supply chain in distributing manufactured products. In relation to the co-packaging and logistic transportation services to customers, revenue is recognised at the point of time when the service is provided. On average, the performance obligation service is provided within 30 to 60 days.

Other income

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

o. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for loss allowance. Refer to Note 1(g) for further discussion on the determination of impairment losses.

p. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

r. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income (or where there was increased expenditure as a result of the grant, are credited to the appropriate expense item) over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to the assets at fair value.

s. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Refer to Note 12(b) for further details regarding management's impairment assessment. The provision for impairment of brands was assessed to be \$500,000 in prior year.

Key judgements

(i) Provision for loss allowance of receivables

The provision for loss allowance of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by considering 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 and historical collection rates. Refer to Note 9 for further details regarding management's loss allowance assessment.

(ii) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary difference and unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits which may lead to impairment of the deferred tax asset.

(iii) Valuation of plant and equipment

Critical judgements are made by the Group in respect of the fair value of plant and equipment. The fair value of plant and equipment is reviewed by management with reference to 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 market value is the amount in 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2021	2020
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	2,840,934	1,247,622
Non-current assets	38,943,126	37,593,387
TOTAL ASSETS	41,784,060	38,841,009
LIABILITIES		
Current liabilities	8,166,123	11,415,566
Non-current liabilities	-	-
TOTAL LIABILITIES	8,166,123	11,415,566
EQUITY		
Issued capital	53,438,952	46,802,075
Accumulated losses	(21,075,811)	(19,927,297)
Option reserve	1,254,796	550,665
TOTAL EQUITY	33,617,937	27,425,443
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(1,148,514)	(2,204,233)
Total comprehensive income	(1,148,514)	(2,204,233)

Guarantees

The company has a bank guarantee of \$590,589 (2020: \$590,589) as security bond for the office lease.

Contingent liabilities

There are no contingent liabilities as at 30 June 2021 and 30 June 2020.

Contractual capital commitments

There are no contingent capital commitments as at 30 June 2021 and 30 June 2020.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2021	2020
	\$	\$
Gross sales	42,012,782	42,230,175
Less volume rebates and trading terms	(7,986,691)	(7,416,187)
Revenue	34,026,091	34,813,988
Other income:		
Rent income	805,488	1,041,174
Interest income	1,266	10,422
Sundry income	-	4,000
Total other income	806,754	1,055,596
Total revenue and other income	34,832,845	35,869,584

NOTE 4: EXPENSES

	Consolidated Group	
	2021	2020
	\$	\$
Loss before income tax includes the following specific expenses:		
a. Employment costs		
Wages and salaries	2,909,902	3,667,243
Other employee related expenses	617,176	775,417
	3,527,078	4,442,660
b. Depreciation, amortisation and write-offs		
Depreciation and write-offs	2,519,190	2,472,224
Amortisation expenses	204,048	227,065
	2,723,238	2,699,289
c. Finance costs		
Interest expenses	602,895	679,571
Other finance charges	39,000	35,243
Interest expense on lease liabilities	570,357	580,774
	1,212,252	1,295,588

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2021.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2021	2020
	\$	\$
Short-term employee benefits	899,423	714,314
Post-employment benefits	77,360	57,760
Other long-term benefits	-	-
Share-based payments	298,100	677,450
Other benefits	-	18,027
Total KMP compensation	1,274,883	1,467,551

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 6: AUDITOR'S REMUNERATION

	Consolidated Group	
	2021	2020
	\$	\$
Remuneration of the auditor for:		
– audit and review of the financial statements	73,000	72,000
– advisory services	-	-
	73,000	72,000

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: EARNINGS PER SHARE

		Consolidated Group	
		2021	2020
		\$	\$
Basic and diluted loss per share			
a.	Loss attributable to the ordinary equity holders of the Company	(2,166,780)	(9,613,161)
		No.	No.
b.	Weighted average number of shares used as the denominator		
	Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	810,021,849	643,030,690
Earnings per share			
	Earnings per share (cents) – basic and diluted	(0.27)	(1.49)

NOTE 8: CASH AND CASH EQUIVALENTS

		Consolidated Group	
		2021	2020
		\$	\$
	Cash at bank and on hand	4,410,639	2,937,212
		<u>4,410,639</u>	<u>2,937,212</u>

a. Cash Flow Information

		Consolidated Group	
		2021	2020
		\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax			
	Loss after income tax	(2,166,780)	(9,613,161)
Non cash flows in loss for year:			
	Depreciation, amortisation and write-offs	2,723,238	2,699,289
	Reversal of Impairment of financial assets	(788,606)	(268,943)
	Impairment of non-financial assets	753,822	734,513
	Share-based payments	298,100	677,450
	Lease interest and loan establishment fees	665,357	580,774
	Changes in operating assets and liabilities:		
-	Trade and other receivables	587,809	1,713,669
-	Trade and other payables	(5,089,621)	2,227,178
-	Inventories	625,182	(866,225)
-	Other assets	(4,179)	(41,631)
-	Provisions	133,742	(11,257)
-	Deferred tax assets/liabilities	105,630	158,447
		<u>(2,156,306)</u>	<u>(2,009,897)</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Trade receivables	1,375,458	3,654,650
Less: provision for impairment	-	(1,788,647)
	1,375,458	1,866,003
Other receivables	-	1,727,209
Less: provision for impairment	-	(1,629,694)
Total current trade and other receivables	1,375,458	1,963,518

a. Expected Credit Loss – Credit Impaired

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 and 30 June 2021 is determined as follows. These expected credit losses also incorporate forward-looking information.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
2020					
Expected loss rate	0.18%	0.18%	15.95%	100.00%	
Trade receivables (gross)	1,485,802	245,512	163,957	1,759,379	3,654,650
Loss allowance provision	(2,675)	(442)	(26,151)	(1,759,379)	(1,788,647)
Total	1,483,127	245,070	137,806	-	1,866,003
2021					
Expected loss rate	0.18%	0.18%	15.95%	100%	
Trade receivables (gross)	837,818	237,722	54,870	245,048	1,375,458
Loss allowance provision*	-	-	-	-	-
Total	837,818	237,722	54,870	245,048	1,375,458

*The past due receivables owing by specific customers amounting to \$245,048 were subsequently received at the date of this report. The allowance for credit loss calculated on trade receivables that were grouped into similar credit characteristics was inconsequential and therefore no allowance for credit losses were recorded at 30 June 2021.

b. Credit Risk

The Group has a significant concentration of credit risk arising from its ordinary course of business due to its relatively small customer base. The class of assets described as “trade and term receivables” is considered to be the main source of credit risk related to the Group.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current and forecast directions of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: TRADE AND OTHER RECEIVABLES

c. Collateral Pledged

Security over all of the Group's current and future assets (including receivables) has been provided to Greensill Capital UK Limited. Refer to Note 14b for further details.

d. Movements in Provision of Impairment

	Consolidated Group	
	2021	2020
	\$	\$
At the beginning of the reporting period	3,418,341	3,698,713
Reversal of impairment losses	(788,606)	(268,943)
Write-offs	(2,629,735)	(11,429)
As at 30 June	-	3,418,341

NOTE 10: INVENTORIES

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
At cost		
Work in progress	726,208	574,165
Raw materials	1,289,964	2,161,065
Finished goods	840,392	746,516
	2,856,564	3,481,746

NOTE 11: PLANT AND EQUIPMENT

	Consolidated Group	
	2021	2020
	\$	\$
Plant and equipment – at fair value	21,021,343	20,628,696
Less: accumulated depreciation	(6,370,266)	(4,466,852)
	14,651,077	16,161,844
Office equipment – at cost	327,368	327,131
Less: accumulated depreciation	(262,254)	(258,426)
	65,114	68,705
TOTAL PLANT AND EQUIPMENT	14,716,191	16,230,549

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: PLANT AND EQUIPMENT

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 financial year:

	Plant and Equipment \$	Office Equipment \$	Total \$
Balance at 1 July 2019	16,971,938	117,536	17,089,474
Additions	1,045,383	240	1,045,623
Depreciation expense	(1,855,477)	(49,071)	(1,904,548)
Balance at 30 June 2020	16,161,844	68,705	16,230,549
Additions	392,647	237	392,884
Depreciation expense	(1,903,414)	(3,828)	(1,907,242)
Balance at 30 June 2021	14,651,077	65,114	14,716,191

b. Impairment Disclosures

On 28 April 2021, a valuation report on our plant and equipment was issued by a certified industry leading independent valuer. This independent valuation was used for both the bank facility purpose and as a reference for fair value.

Based on the valuation result and management's judgement, management believe the carrying amount of category "plant and equipment" as at the end of FY21 reflected its fair value at that date and no revaluation is required.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: INTANGIBLE ASSETS

	Consolidated Group 2021	2020
	\$	\$
Intellectual Property – at cost	278,059	266,101
Less: Amortisation	(198,656)	(195,195)
	<u>79,403</u>	<u>70,906</u>
Product development costs – at cost	2,969,075	2,371,781
Less: Accumulated amortisation and impairment	(2,362,629)	(1,409,266)
	<u>606,446</u>	<u>962,515</u>
Brand names – at cost	7,914,998	7,914,998
Less: Impairment	(2,297,732)	(2,297,732)
	<u>5,617,266</u>	<u>5,617,266</u>
Other intangible assets	-	1,095
TOTAL INTANGIBLE ASSETS	<u><u>6,303,115</u></u>	<u><u>6,651,782</u></u>

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

	Brands	Intellectual property	Product development costs	Other intangible assets	Total
	\$	\$	\$	\$	\$
Consolidated Group:					
Balance at 1 July 2019	5,117,266	63,556	78,106	1,095	5,970,023
Additions	1,000,000	10,807	589,958	-	1,600,765
Amortisation charge	-	(3,457)	(181,036)	-	(184,493)
Impairment charge	(500,000)	-	(234,513)	-	(734,513)
Balance at 30 June 2020	5,617,266	70,906	962,515	1,095	6,651,782
Additions	-	11,958	597,294	-	609,252
Amortisation charge	-	(3,461)	(200,586)	-	(204,047)
Impairment charge	-	-	(752,777)	(1,095)	(753,872)
Balance at 30 June 2021	5,617,266	79,403	606,446	-	6,303,115

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: INTANGIBLE ASSETS

b. Impairment Disclosures

The recoverable amounts of the consolidated entity's goodwill and brand have been determined by a value-in-use calculation using a discounted cash flow model, based on a 12-month projection period approved by management and extrapolated for a further 4 years by using the key assumptions of business revenue and cost growth rates of 4% per annum and a discount rate of 12%.

The value-in-use calculation is most sensitive to changes in the discount rate and revenue growth rates used to extrapolate cash flows beyond the forecast period. A rise in the discount rate to 12.5% (i.e. +0.5%) in the value-in-use calculation would result in nil headroom for impairment. If the budgeted growth in revenue is less than 9% of management's estimate, the Group would have recognised an impairment against the carrying value of intangible assets.

NOTE 13: OTHER ASSETS

	Consolidated Group	
	2021	2020
	\$	\$
Prepayments	133,635	129,456
	<u>133,635</u>	<u>129,456</u>

NOTE 14: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2021	2020	2021	2020
		%	%	%	%
LangTech International Pty Ltd	Australia	100	100	-	-
LangTech Citrus Pty Ltd	Australia	100	100	-	-
LangTech Bottling Pty Ltd	Australia	100	100	-	-
Thirsty Brothers Pty Ltd	Australia	100	100	-	-
New Age Beverages Pty Ltd	Australia	100	100	-	-
Allure Australia Pty Ltd	Australia	100	100	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: INTERESTS IN SUBSIDIARIES

b. Significant Restrictions

Other than the following, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group:

LangTech International Pty Ltd has entered into a working capital and term loan facility with Greensill Capital UK Limited (Greensill) as disclosed in Note 17. The Facility was drawn down as to \$6.4m as at the date of this report. The facility is secured by all of the Group's current and future assets via a security interest over personal property and via fixed and floating charge over all other property (including trade receivables, cash and cash equivalents).

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Trade payables	4,320,119	8,780,947
Other payables and accruals	1,816,016	3,387,896
TOTAL TRADE AND OTHER PAYABLES	6,136,135	12,168,843

Trade payables are unsecured and are generally paid within 45 days (and up to 90 days) from date of invoice.

NOTE 16: PROVISIONS

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Employee benefits	447,092	338,144
NON-CURRENT		
Employee benefits	2,433	55,480
TOTAL PROVISIONS	449,525	393,624

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements, and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: BORROWINGS

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Secured liabilities:		
Loan – Greensill facility	6,400,447	7,583,762
Total borrowings	<u>6,400,447</u>	<u>7,583,762</u>

a. The carrying amounts of non-current assets pledged as security are subject to general security over all current and future assets amounting to \$39,587,188 (2020: \$42,345,227).

The revolving facility has no maturity, bears an interest rate of 7.75% per annum with interest payable every four months.

b. Collateral provided

Refer to Note 14b for a description of the security provided to Greensill Capital UK Limited.

c. NAB facility:

On 12 July 2021, the company secured a bank facility from NAB which includes:

1. a \$6.5m equipment finance loan at an improved fixed 4.2% interest. The equipment finance loan is secured over all of the company's assets and will be over a 5-year term. This loan replaced the existing Greensill facility on 30 July 2021.
2. a \$1.0m invoice finance facility at 6.22% interest secured over all of the company's assets and reviewed by annually on an ongoing basis. This facility will be used for working capital.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: LEASES

a. Right-of-use assets

	Consolidated Group	
	2021	2020
	\$	\$
Leased building	7,747,079	7,747,079
Accumulated depreciation	(1,636,461)	(1,120,624)
	<u>6,110,618</u>	<u>6,626,455</u>
Leased equipment	468,879	468,879
Accumulated depreciation	(246,186)	(150,075)
	<u>222,693</u>	<u>318,804</u>
Total right-of-use assets	<u>6,333,311</u>	<u>6,945,259</u>
b. Lease liabilities		
Current	380,587	329,849
Non-current	7,302,777	7,683,860
	<u>7,683,364</u>	<u>8,013,709</u>

c. Movements in carrying amounts

	Leased building	Leased equipment	Total
	\$	\$	\$
Recognised on initial application of AASB 16	6,844,383	431,279	7,275,662
Additions	279,845	-	279,845
Depreciation expense	(497,773)	(112,475)	(610,248)
Balance at 30 Jun 2020	6,626,455	318,804	6,945,259
Additions	-	-	-
Depreciation expense	(515,837)	(96,111)	(611,948)
carrying amounts at 30 Jun 2021	6,110,618	222,693	6,333,311

d. AASB 16 related amounts recognised in the statement of Profit and Loss

	2021	2020
	\$	\$
Right-of-use assets depreciation	611,948	610,248
Lease Interest	570,357	580,774
Short-term Lease expenses	-	-
Variable lease payments	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19: TAX

		Consolidated Group	
		2021	2020
		\$	\$
a.	Components of income tax expense comprise in:		
	Deferred tax expense	105,630	158,445
	Total income tax expense	105,630	158,445
b.	The prima facie tax on loss from ordinary activities before income tax, is reconciled to income tax as follows:		
		2021	2020
		\$	\$
	Loss before tax	(2,061,150)	(9,454,716)
	Prima facie tax expense on loss from ordinary activities before income tax at 26% (2020: 27.5%)	(535,899)	(2,600,047)
	Tax effect of:		
	– Non-allowable items	80,717	446,129
	– Non-assessable items	(74,750)	-
	– Previously unrecognised deferred tax	105,630	158,445
	– Deferred tax assets not recognised	431,606	2,153,918
	– Change of tax rate adjustment on deferred tax items – Write down to recoverable amounts	98,326	-
	Prima facie tax expense on loss attributable to entity	105,630	158,445

¹ Relates to adjustment to prior year asset revaluation arising from a change in tax rates.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

c. Deferred tax assets and liabilities

	Opening Balance	Recognised in profit or loss	Credited direct to equity	Closing Balance
	\$	\$	\$	\$
NON-CURRENT				
2021				
Consolidated Group				
Deferred tax liabilities				
- revaluation amount recognised in reserve, gross	2,746,385	-	(105,630)	2,640,755
- tangible assets depreciation including depreciation on revaluation	(546,442)	(219,366)	-	(765,808)
Right of use assets	1,805,762	(222,434)	-	1,583,328
	4,005,705	(441,800)	(105,630)	3,458,275

Deferred tax assets

Lease liabilities	1,805,762	(222,434)	-	1,583,328
Carried forward tax offsets	1,706,374	-	-	1,706,374
Unused tax losses	493,569	(324,996)	-	168,573
	4,005,705	(547,430)	-	3,458,275

	Opening Balance	Recognised in profit or loss	Credited direct to equity	Closing Balance
	\$	\$	\$	\$
NON-CURRENT				
2020				
Consolidated Group				
Deferred tax liabilities	(254,938)	(291,509)	-	(546,447)
Plant and equipment				
Right-of-use assets	-	1,805,762	-	1,805,762
Tangible assets revaluation	2,904,835	-	(158,445)	2,746,390
	2,649,897	1,514,253	(158,445)	4,005,705

Deferred tax assets

Lease liabilities	-	1,805,762	-	1,805,762
Carried forward tax offsets	1,077,425	628,949	-	1,706,374
Tax losses	1,572,470	(1,078,901)	-	493,569
	2,649,895	1,355,810	-	4,005,705

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: ISSUED CAPITAL

	Consolidated Group	
	2021	2020
	\$	\$
946,761,854 (2020: 724,674,526) fully paid ordinary shares	53,438,952	46,802,075

	Consolidated Group			
	2021	2020	2021	2020
	No.	No.	\$	\$
a. Ordinary Shares				
At the beginning of the reporting period:	724,674,526	624,674,526	46,802,075	41,402,075
– Issue of shares – 1 July 2019	-	100,000,000	-	5,400,000
– Issue of shares – 11 December 2020	68,701,179	-	2,436,671	-
– Issue of shares – 5 January 2021	14,230,002	-	498,050	-
– Issue of shares – 5 February 2021	45,584,717	-	1,595,465	-
– Issue of shares – 2 March 2021	7,857,143	-	-	-
– Issue of shares – 6 April 2021	85,714,287	-	3,000,000	-
– Less capital raising costs	-	-	(893,309)	-
At the end of the reporting period	946,761,854	724,674,526	53,438,952	46,802,075

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.

	Consolidated Group	
	2021	2020
	No.	No.
b. Performance Shares		
At the beginning of the reporting period	190,000,000	190,000,000
Issued during the year	-	-
Lapsed during the year (Performance Shares Class C)	(190,000,000)	-
At the end of the reporting period	-	190,000,000

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: ISSUED CAPITAL

b. **Performance Shares**

The 190,000,000 Performance Shares offered in the Share Subscription Deed to Careline lapsed on 25 November 2020 due to Careline not taking up the fifth and final Tranche.

c. **Options**

For information relating to The Food Revolution Group employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at balance date, refer to Note 23.

d. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues

The gearing ratios for the years ended 30 June 2020 and 30 June 2021 are as follows:

	Consolidated Group	
	2021	2020
	\$	\$
Total financial debt	6,400,447	7,583,762
Total lease liabilities	7,683,364	8,013,709
Less cash and cash equivalents	(4,410,639)	(2,937,212)
Net debt	9,673,172	12,660,259
Total equity	15,459,442	10,179,584
Total capital	25,132,614	22,839,843
Gearing ratio net debt / (net debt + equity)	38%	55%

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2021 and 30 June 2020.

NOTE 22: OPERATING SEGMENTS

General Information

Identification of reportable 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.

NOTE 23: SHARE-BASED PAYMENTS

- (i) In June 2020, 40 million options at an exercise price of \$0.06 per share were granted to Chief Executive Officer Tony Rowlinson as a share-based payment. Of these 40 million options, 20 million were granted on the signing of his employment contract. The remaining 20 million options were cancelled upon Mr. Rowlinson's resignation.

In March 2021, 5 million options at an exercise price of \$0.037 per share were granted to Commercial Director Nick Stoikos as a share-based payment. The options will vest based on the following conditions:

- 1 million options issued vested on 1 April 2021
- 2 million options issued shall vest on 30 June 2022 – subject to delivery of FY22 budgeted Sales & EBITDA; and
- 2 million options issued shall vest on 30 June 2023 – subject to delivery of FY23 budgeted Sales & EBITDA

The total expense arising from the above share-based payment transactions recognised during the year was \$298,100.

In February 2021 the Company agreed to issued 7,857,143 shares using it's 15% placement capacity under listing rule 7.1 for the provision of consulting services.

In April 2021 the company issued 85,714,287 ordinary fully paid shares at \$0.035 to raise \$3m for additional working capital and funding the retirement of debt. As part of this capital raise, the company agreed to issue 10m unlisted options with an exercise price of \$0.06 and an expiry date of 3 years from issue to the lead brokers, as well as 28,571,427 unlisted options with an exercise price of \$0.06 and an expiry date of 3 years from issue to the participants of the capital raise. These costs have been included as capital raising costs in equity in the FY21 financial year.

- (ii) The Group established The Food Revolution Group Share Option Plan Scheme (approved by shareholders on 22 January 2021) (Plan) to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. The Plan is limited to directors, senior-executives and full or part-time employees of the Company or a related body corporate of the Company. The Directors are considering adopting a plan on broadly similar terms for contractors.

Under the Plan, the Board may offer to eligible persons the opportunity to receive such number of Options in the Company as the Board may decide and on terms set out in the rules of the Plan. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

Options may be issued with performance conditions, as determined by the board, which are required to be met before the options vest (failing which the options lapse). Options may be issued for nil or nominal consideration, and with an expiry date and exercise price, as determined by the board.

As at the date of this report 5,000,000 options have been issued under the Plan to KMP Nick Stoikos.

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

NOTE 23: RELATED PARTY TRANSACTIONS

a. The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is The Food Revolution Group Limited, which is incorporated in Australia.

(ii) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

(iii) Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. Transactions with related parties:

A number of key management personnel, or their related parties, hold position in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transaction with non-key management personnel related companies on an arm's length basis.

All sanitiser related transactions that occurred between The Food Revolution Group and its related party entities transpired in order for the Group to be able to successfully launch and sell its range of hand sanitisers. The COVID-19 pandemic presented an opportunity for FOD to enter into a new market, and therefore it was decided by the Directors of the Board to utilise Chairman, Norman Li's, already established Careline brand. The company has since ceased all selling of hand sanitiser products and does not plan to continue to sell such products in future.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

	Consolidated Group	
	2021	2020
	\$	\$
Purchase of sanitiser materials and consumables from One A Group Pty Ltd	-	2,678,444
Payable at reporting date	-	1,383,358
Sales of sanitisers to One A Group Pty Ltd	1,383,358	17,450
Receivable at reporting date	-	-
Professional services and other related expenses rendered by One A Group Pty Ltd	240,000	-
Payable at reporting date	40,000	-
Professional services and other related expenses rendered by Healthy Generation Pty Ltd	149,776	589,634
Payable at reporting date	26,210	112,827
Share service recharge to Healthy Generation Pty Ltd	60,000	746,818
Receivable at reporting date	10,000	77,535

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

NOTE 23: RELATED PARTY TRANSACTIONS

	2021 \$	2020 \$
Professional services and other related expenses rendered by Careline (Australia) Pty Ltd	3,141	579,727
Purchase of sanitizer materials and consumables from Careline (Australia) Pty Ltd	-	67,060
Payable at reporting date	-	221,489
Sales of goods to Careline (Australia) Pty Ltd	43,461	17,450
Receivable at reporting date	-	-

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 transactions and outstanding balances 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 doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, is as follows:

	Note	Consolidated Group 2021 \$	2020 \$
Financial assets			
Financial assets at amortised cost:			
– Cash and cash equivalents	8	4,410,639	2,937,212
– Trade and other receivables	9	1,375,458	1,963,518
Total financial assets		5,786,097	4,900,730
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	6,136,135	12,168,843
– borrowings	17	6,400,447	7,583,762
– lease liabilities	18	7,683,364	8,013,709
Total financial liabilities		20,219,946	27,766,314

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk and liquidity risk, and, to a lesser extent, market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), and ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has significant concentrations of credit risk arising from its ordinary course of business due to its relatively small customer base. Details are provided in Note 9.

Trade and other receivables that are neither past due nor impaired are disclosed in Note 9.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: FINANCIAL RISK MANAGEMENT

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liabilities and financial assets maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group								
Financial liabilities due for payment								
Borrowings	6,400,447	7,583,762	-	-	-	-	6,400,447	7,583,762
Lease liabilities	380,587	329,849	2,285,205	2,404,454	5,017,572	5,279,406	7,683,364	8,013,709
Trade and other payables	6,136,135	12,168,843	-	-	-	-	6,136,135	12,168,843
Total expected outflows	12,917,169	20,082,454	2,285,205	2,404,454	5,017,572	5,279,406	20,219,946	27,766,314
Financial assets – cash flows realisable								
Cash and cash Equivalents	4,410,639	2,937,212	-	-	-	-	4,410,639	2,937,212
Trade and other receivables	1,375,458	1,963,518	-	-	-	-	1,375,458	1,963,518
Total anticipated inflows	5,786,097	4,900,730	-	-	-	-	5,786,097	4,900,730
Net (outflow)/ inflow on financial instruments	(7,131,072)	(15,181,724)	(2,285,205)	(2,404,454)	(5,017,572)	(5,279,406)	(14,433,849)	(22,865,584)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: FINANCIAL RISK MANAGEMENT

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are cash, cash equivalents and borrowings.

The Group's current borrowings are at fixed rates of interest.

(ii) *Foreign exchange risk*

The Group has exposure to movements in foreign currency exchange rates through purchases of ingredients (where those ingredients are not available in Australia).

The Food Revolutions Group Limited's functional currency is Australian dollars.

The Group imports a small amount of ingredients to meet demand (where those ingredients are not available in Australia), and accordingly has exposure to foreign currencies of those suppliers.

Given the Group's small foreign currency exposure, the Group does not currently hedge.

Exposure to overseas debtors to foreign exchange risk is minimal as these transactions are primarily denominated in Australian dollars.

The Group has no open foreign exchange forward contracts at the end of the reporting period relating to highly probable forecast transactions and recognised financial assets and financial liabilities.

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is exposed to commodity price risk through the purchase of fruit and other commodity ingredients, and the sale of commodity products (primarily concentrates). There were no hedges in place at the end of the reporting period.

d. **Fair Values**

The carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements are considered to approximate their fair values.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 25: RESERVES

a. Revaluation reserve

The revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

b. Options reserve

The option reserve records items recognised as expenses on valuation of employee share options.

	Consolidated Group	
	2021	2020
	\$	\$
Revaluation reserve		
Opening balance	8,912,203	8,753,758
Effect of change in tax rate	105,630	158,445
Closing balance	9,017,833	8,912,203
Options reserve		
Opening balance	550,665	90,561
Exercise of options	-	-
Lapsed of options – transferred to accumulated losses	-	(217,346)
Capital raising costs	406,031	-
Share-based payments expense	298,100	677,450
Closing balance	1,254,796	550,665

NOTE 26: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has a bank guarantee of \$590,589 (2020: \$590,589) as security bond for the office lease.

At the date of this report, the Group is not aware of any reportable contingent liabilities as at 30 June 2021.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 27: FAIR VALUE MEASUREMENTS

The Group subsequently 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 30 June 2021 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)	
-	-	14,651,077	Plant and equipment – at revalued amounts
-	-	14,651,077	Total non-recurring fair value measurements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 27: 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 market value is the amount in 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 30 Jun 2021 \$
Balance at the beginning of the period	16,161,844
Additions	392,647
Depreciation expense	(1,903,414)
	14,651,077

NOTE 28: EVENTS AFTER THE REPORTING PERIOD

- On 12 July 2021, Tony Rowlinson resigned as CEO and managing director and Steven Cail was appointed as CEO.
- On 12 July 2021, Jacqueline Phillips was appointed Non-Executive Director.
- On 12 July 2021 the Company secured approval of a financing facility with National Australia Bank.
- On 30 July 2021 the Company used the National Australia Bank' financing facility to replace the outstanding Greensill loan.
- On 6 September 2021 Matthew Bailey resigned as a Director.
- On 6 September 2021 David Marchant was appointed Non-Executive Director.

There are no other events that have occurred after the balance date that would have an effect on the Group's financial statements other than those that are already reflected in the financial statements.

NOTE 29: COMPANY DETAILS

The registered office and principal place of business of the company is:

The Food Revolution Group Limited
20 Heaths Court
Mill Park VIC 3082



DI

DIRECTORS'
DECLARATION

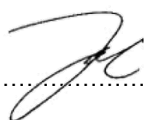
The Food Revolution Group Limited (ABN 20 150 015 446) and Controlled Entities

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 21 to 65, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated Group;
2. in the directors' opinion 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
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Executive
Chairman.....



Norman Li

Dated this 30th day of September 2021



IN

INDEPENDENT
AUDIT REPORT

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE FOOD REVOLUTION GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Opinion

We have audited the financial report of The Food Revolution Group Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, 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 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of 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 (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 Corporation 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.

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 for the year ended 30 June 2021. 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.

A Member of PrimeGlobal
An Association of Independent
Accounting Firms

 **PrimeGlobal**

THE FOOD REVOLUTION GROUP LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of Plant and equipment	
<i>Refer to Note 11 Plant and equipment and Note 1(t) Critical accounting estimates and judgements</i>	
A substantial amount of the group's non-current assets relate to plant and equipment amounting to \$14,716,192 that are accounted for at fair value in accordance with AASB 116 "Property, Plant and Equipment". As such the carrying value of this asset is considered a key audit matter. The group's assessment of the carrying value of plant and equipment is assessed using a fair value assessment by the Directors with reference to an independent valuation conducted.	Our procedures included, amongst others: • We assessed management's determination of the group's Cash-Generating Units ("CGUs"); • We assessed the qualifications and experience of the independent valuer. • We evaluated management's assessment of the valuation performed by the independent valuer to determine the carrying value of plant and equipment. • We assessed the adequacy of the group's disclosures in relation to the carrying value of plant and equipment.
Carrying value of Intangible assets	
<i>Refer to Note 12 Intangible Assets and Note 1(t) Critical accounting estimates and judgements</i>	
A substantial amount of the group's non-current assets relate to intangible assets amounting to \$6,303,115 that are subject to an impairment assessment in accordance with AASB 136 "Impairment of Assets". As such the carrying value of this asset is considered a key audit matter. The group's assessment of the carrying value of intangible assets is assessed using the value in use model to determine the recoverable amount and is based on a number of assumptions including cash flow projections, discount rates and terminal growth rates which are affected by future events and economic conditions.	Our procedures included, amongst others: • We assessed management's determination of the group's Cash-Generating Units ("CGUs"); • We evaluated management's key assumptions used in the cash flow forecasts to determine the recoverability of assets and agreed relevant data to supporting documents; • We challenged management on the key assumptions used in the cash flow forecasts by considering this information and evidence available to us internally and externally; • We evaluated the historical reliability of prior period cash flow forecasts including assessing this against the actual financial performance of the group; • We performed sensitivity analysis around the key assumptions of growth rates and discount rate used in the cash flow forecasts and assessed the likelihood of a change of these assumptions that either

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individually or collectively would result in the intangible assets to be impaired;

- We involved Hall Chadwick's valuation experts to evaluate the methodologies used by the group and review the mathematical accuracy of the cash flow forecasts;
- We assessed the adequacy of the group's disclosures in relation to the carrying value of intangible assets.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021 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 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 the 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 the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**THE FOOD REVOLUTION GROUP LIMITED
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Auditor's Responsibility 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 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

**THE FOOD REVOLUTION GROUP LIMITED
ABN 20 150 015 446
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

We have audited the remuneration report included the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of The Food Revolution Group Limited and its controlled entities for the year ended 30 June 2021 complies with s 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 s300A 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.



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



GRAHAM WEBB
Partner
Dated: 30 September 2021



AS

ADDITIONAL
INFORMATION

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 28/09/2021:

1. Shareholding

a. Distribution of Shareholders

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	158	107,095	0.01%
1,001 - 5,000	179	606,152	0.06%
5,001 - 10,000	373	3,002,771	0.32%
10,001 - 100,000	1,750	72,849,838	7.70%
100,001 - 999,999,999	715	870,195,816	91.91%
TOTAL	3,175	946,761,672	100%

b. The number of shareholdings less than marketable parcels is 1,089.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder Power	Number Ordinary	% of Voting
Y&L Family Investments Pty Ltd <Y&L Family A/C>	93,703,704	9.89
Shenzhen Youngheng Biotechnology Co Limited	55,000,000	5.81
Careline Australia Pty Ltd	47,554,555	5.02

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

d. Voting Rights

Rank	Name	Units	% of Units
1	Y & L FAMILY INVESTMENTS PTY LTD <Y & L FAMILY A/C>	78,888,889	8.33
2	SHENZHEN YOUNGHENG BIOTECHNOLOGY CO LIMITED	55,000,000	5.81
3	CARELINE AUSTRALIA PTY LTD	47,554,555	5.02
4	<u>GROUP # 8348</u>	<u>46,078,208</u>	<u>4.87</u>
.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	46,078,208	4.87
5	ELLA AUSTRALIA PTY LTD	45,370,370	4.79
6	<u>FOOD INNOVATORS (#1146840)</u>	<u>45,000,000</u>	<u>4.75</u>
.	FOOD INNOVATORS PTY LTD <FOOD INNOVATORS UNIT A/C>	45,000,000	4.75
7	BATMAN INVEST PTY LTD <BATMAN INVEST A/C>	41,313,189	4.36
8	PACIFIC INTERNATIONAL FUND MANAGEMENT PTY LTD <THE PI A/C>	40,740,741	4.3
9	INVESTORLEND SERVICES PTY LTD <CLIENT HOLDING A/C>	24,734,978	2.61
10	<u>GROUP # 37587</u>	<u>23,211,356</u>	<u>2.45</u>
.	CITICORP NOMINEES PTY LIMITED <DPSL A/C>	344	0
.	CITICORP NOMINEES PTY LIMITED	23,211,012	2.45
11	VICTORIAN CLEAN TECHNOLOGY FUND PTY LTD	17,751,289	1.87
12	FANUCCI PTY LTD <FANUCCI A/C>	17,069,018	1.8
13	Y & L FAMILY INVESTMENTS PTY LTD <Y & L SUPER A/C>	14,814,815	1.56
14	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	14,400,000	1.52
15	PACIFIC INTERNATIONAL FUND MANAGEMENT PTY LTD <PI A/C>	12,037,037	1.27
16	BRANDING REWARDS PTY LTD	9,260,262	0.98
17	MR IAIN CHANEY + MRS ANTONIA CHANEY <I & A CHANEY SUPER FUND A/C>	8,514,339	0.9
18	INVESTORLEND PTY LTD <CLIENT HOLDING A/C>	7,793,650	0.82
19	MWB & JLB NOMINEES PTY LTD <MATTHEW W BAILEY FAMILY A/C>	5,647,143	0.6
20	MR DOMENIC MORELLO	5,283,882	0.56
Totals: Top 20 holders of FOD ORDINARY FULLY PAID		560,463,721	59.2
Total Remaining Holders Balance		386,297,951	40.8
Total Holders Balance		946,761,672	100

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called.

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

2. The name of the company secretary is Daniela Stojanoska.
3. The address of the principal registered office in Australia is 20 Heaths Court, Mill Park, VIC 3082.
Telephone +61 3 9982 1451.
4. Registers of securities are held at the following addresses:

20 Heaths Court, Mill Park, Victoria 3082

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. Unquoted Securities

Ordinary Shares:

Nil

Options over Unissued Shares:

5,000,000 options are on issue to directors and employees under The Food Revolution Group employee option plan.

66,071,427 options are on issue expiring various dates at various prices.