



THE **FOOD**
REVOLUTION
GROUP

INTER 2020 2021



INTERIM
REPORT
DECEMBER
2021

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

Interim Financial Report

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Results for Announcement to the Market

Key Information	Half-year Ended	Half-year Ended	Change %
	31 December 2021 \$	31 December 2020 \$	
Gross revenue from ordinary activities	21,724,949	22,217,639	-2%
Loss after tax from ordinary activities attributable to members	(1,001,295)	32,022	-3,227%
Net loss attributable to members	(1,001,295)	32,022	-3,227%

Dividends Paid and Proposed

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

Explanation of Key Information and Dividends

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

Net Tangible Assets per Share

	Half-year Ended 31 December 2021 cents/Share	Half-year Ended 31 December 2020 cents/Share
Net tangible assets/(liabilities) per share	0.21	(0.10)

Control Gained or Lost over Entities in the Half-year

No changes.

Dividend Reinvestment Plans

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

Investments in Associates and Joint Ventures

Not applicable.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group (Group) for the half-year ended 31 December 2021.

Directors

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

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

Principal Activities

The principal activities of The Food Revolution Group during the period were:

- receiving, processing, manufacturing and distributing juice and other plant-based wellness products;
- 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 are currently conducted in Australia.

Review of Operations

1H FY2022 overview

Key activities of the Group in 1H FY2022 are summarised below:

- Appointment of CEO Steven Cail as announced on 12 July 2021. Steven joined the company as CFO on 5 March 2021 and under his short tenure has led a quick turn-around driving results, governance, and key operational change. Steven has played a key role in delivering FOD financing outcomes, along with guiding the FY2022 plans to support the next growth phase of the business. Steven has strong operational and commercial experience and prior to FOD headed up logistics at Target – Wesfarmers, along with key senior commercial/leadership roles across various large multi-nationals.
- As announced on 12 July 2021, the Group secured a 5-year bank facility from NAB which replaced the Greensill facility. At the end of H1 FY2022 the Group had repaid \$0.54m of this facility.
- In H1 FY2022 the company appointed two new independent directors to the Board. The appointment of Jacqueline Phillips and David Marchant will support the businesses priorities to strengthen corporate governance, management of the business and the creative and commercial capabilities.
- Appointment of CFO Mr Ashley Bottrell as announced on 24 November 2021.

Earnings performance review 1H FY2022

In H1 FY2022 the Group generated reported earnings before interest, tax, depreciation and amortisation (EBITDA) of \$0.81 million, which was a decrease on the comparative period of \$1.43 million. Whilst a decrease on the prior comparative period, this is a pleasing result for the business as the profitability of the core juice associated business increased, and the prior year result included non-recurring sanitiser sales (gross margin of \$0.8m), JobKeeper (\$0.7m) and rental income (\$0.5m).

Revenue decreased from \$22.2m in H1 FY2021 to \$21.7m in H1 FY2022 (FY2021 includes \$1.4m of sanitiser sales). However, a more profitable sales mix and an increase in margin against the comparative period has delivered stronger gross margin in H1 FY2022. The key drivers of stronger gross margin included the successful launch of Juice Lab wellness shots and Carbonated Wellness Drinks. Juice Lab wellness shots have continued to outperform competitors with a 55% market share in the newly created wellness shots segment¹. The FOD beverage

¹ Source data – IRI Australia data Total Grocery MAT dollars to 02/01/22

DIRECTORS' REPORT

business and Original Juice Co ranges are exceeding the chilled juice and drink category growth versus last year and operating as the third biggest chilled juice and drinks provider in the supermarket retail space².

The business remains focused on continuing to grow its plant-based wellness range with the launch of the plant-based protein smoothies as announced to the market on 24 January 2022. The new product development of our Juice Lab range is building further support in the first half of and into the second half of FY2022, as consumers look for better-for-you alternatives that are free of artificial sweeteners or preservatives.

The first half has seen the business make good progress in strengthening the foundations necessary for stronger long-term shareholder value and progress on key metrics. The business is also focused on maximising and extracting the full value of the product life cycle and reducing operational waste to landfill.

COVID-19

The COVID-19 situation in Australia has been extremely challenging with continued disruption in H1 FY2022. The ability of our business to continue to meet customers' requirements and further develop first to market products, not only highlights the strength and the capacity of our team to adjust rapidly to meet customer demands, but continues to position The Food revolution Group well for the future.

Domestic supply chains were significantly impacted by labour availability pressures as a result of isolation requirements and elevated absenteeism, leading to additional costs in labour and transport. Our focus as a business remains on ensuring the health and safety of our employees.

Operating Results

- Revenue
 - Gross sales for the Group were \$21,724,949 and net revenues after trading terms, volume rebates and other claims (trading terms) were \$17,588,625. The juice related gross sales are up 4.21% on the PCP. Trading terms generally apply in respect of sales of product into the grocery channel.
- Cashflow
 - Operational cash outflow for the period of \$2,130,804 which included a one-off payment of \$1.3m associated with the Original Juice Company transaction to settle an agreed outstanding payable from a previous period.
 - \$2.0m operating cash investment into inventory holdings to lock in beneficial fruit pricing from strong market supply and providing flexibility to meet new blends and recipes for out of season raw materials.
 - Cash of \$0.88 million on hand as at 31 December 2021.
- Gross profit and EBITDA
 - The gross profit grew from \$5.69m to \$6.08m which equates to 34.57% of net sales.
 - The loss before tax was \$1,001,295 for the half-year.
 - The combination of improving sales volumes, prices and efficiencies delivered an EBITDA of \$0.81 million for 1H FY2022.
- *EBITDA calculation*

Loss before tax	(1,001,295)
Add: depreciation and amortisation	1,369,341
Add: finance costs	437,701
EBITDA	805,747

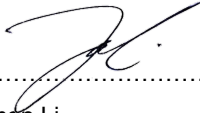
² Source data – IRI Australia data Total Grocery MAT dollars to 30/01/22

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on the following page for the half-year ended 31 December 2021.

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



.....
Norman Li

Non-Executive Chairman

Dated: 25 February 2022

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

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Food Revolution Group Limited. As the lead audit partner for the review of the financial report of The Food Revolution Group Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Hall Chadwick

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

G Webb

GRAHAM WEBB
Partner
Dated: 25 February 2022

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated Group	
	Half-year Ended 31 December 2021	Half-year Ended 31 December 2020
	\$	\$
Revenue	17,588,625	18,246,074
Cost of sales	(11,507,842)	(12,556,345)
Gross profit	6,080,783	5,689,729
Other income	308,083	500,704
Administrative expenses	(777,674)	(558,429)
Depreciation, amortisation and write-offs	(1,369,341)	(1,344,604)
Employment costs	(2,843,178)	(1,273,481)
Finance costs	(437,701)	(749,388)
Marketing expenses	(781,675)	(200,822)
Operating costs	(1,371,656)	(1,782,847)
Reversal of financial assets impairment	-	(7,098)
Share-based payments	191,064	(136,112)
(Loss)/profit before income tax	(1,001,295)	137,652
Income tax expense	-	(105,630)
(Loss)/profit for the period	(1,001,295)	32,022
Other comprehensive income		
Gain on revaluation of plant and equipment, net of tax	-	105,630
Other comprehensive income for the period	-	105,630
Total comprehensive income for the period	(1,001,295)	137,652
	Cents	Cents
Basic (loss)/profit per share	(0.11)	0.0044
Diluted (loss)/profit per share	(0.11)	0.0000

The accompanying notes form part of these financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Consolidated Group	
		As at	As at
		31 December 2021	30 June 2021
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		878,258	4,410,639
Trade and other receivables		1,708,814	1,375,458
Inventories	4	4,959,381	2,856,564
Other assets		123,390	133,635
TOTAL CURRENT ASSETS		7,669,843	8,776,296
NON-CURRENT ASSETS			
Property, plant and equipment	5	14,172,013	14,716,191
Right of use assets	6	6,027,338	6,333,311
Deferred tax assets		3,226,675	3,458,275
Intangible assets	7	6,483,537	6,303,115
TOTAL NON-CURRENT ASSETS		29,909,563	30,810,892
TOTAL ASSETS		37,579,406	39,587,188
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		5,754,569	6,136,135
Lease liabilities		407,387	380,587
Borrowings	8	5,858,780	6,400,447
Provisions		695,315	447,092
TOTAL CURRENT LIABILITIES		12,716,051	13,364,261
NON-CURRENT LIABILITIES			
Lease liabilities		7,092,162	7,302,777
Deferred tax liabilities		3,226,676	3,458,275
Provisions		2,434	2,433
TOTAL NON-CURRENT LIABILITIES		10,321,272	10,763,485
TOTAL LIABILITIES		23,037,323	24,127,746
NET ASSETS		14,542,083	15,459,442
EQUITY			
Issued capital	9	53,713,952	53,438,952
Options Reserve		1,063,732	1,254,796
Revaluation Reserve		9,017,833	9,017,833
Accumulated losses		(49,253,434)	(48,252,139)
TOTAL EQUITY		14,542,083	15,459,442

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Consolidated Group	Ordinary Share Capital	Accumulated Losses	Revaluation Surplus	Options Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	46,802,075	(46,085,359)	8,912,203	550,665	10,179,584
Comprehensive income					
Profit for the period	-	32,022	-	-	32,022
Other comprehensive income for the period	-	-	105,630	-	105,630
Total comprehensive income for the period	-	32,022	105,630	-	137,652
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period, net of transaction costs	2,280,999	-	-	-	2,280,999
Share-based payments transactions	-	-	-	136,112	136,112
Total transactions with owners and other transfers	2,280,999	-	-	136,112	2,417,111
Balance at 31 December 2020	49,083,074	(46,053,337)	9,017,833	686,777	12,734,347
Balance at 1 July 2021	53,438,952	(48,252,139)	9,017,833	1,254,796	15,459,442
Comprehensive income					
Loss for the period	-	(1,001,295)	-	-	(1,001,295)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	(1,001,295)	-	-	(1,001,295)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period, net of transaction costs	275,000	-	-	-	275,000
Share-based payments transactions – options granted	-	-	-	120,886	120,886
Share-based payments transactions – options forfeiture	-	-	-	(311,950)	(311,950)
Total transactions with owners and other transfers	275,000	-	-	(191,064)	83,936
Balance at 31 December 2021	53,713,952	(49,253,434)	9,017,833	1,063,732	14,523,083

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Consolidated Group	
	Half-year Ended 31 December 2021	Half-year Ended 31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	17,303,293	16,984,017
Payments to suppliers and employees	(19,349,973)	(16,908,395)
Interest paid	(84,124)	(325,147)
Net cash (used in) operating activities	<u>(2,130,804)</u>	<u>(249,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of brand names and other intangible assets	(282,000)	(292,934)
Purchase of property, plant and equipment	(417,612)	(453,733)
Net cash (used in) investing activities	<u>(699,612)</u>	<u>(746,667)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,280,999
Proceeds from borrowings	6,500,000	12,768,012
Repayment of borrowings	(6,741,667)	(13,584,862)
Payment of lease liabilities	(460,298)	(468,588)
Net cash (used in) provided by financing activities	<u>(701,965)</u>	<u>995,561</u>
Net (decrease) in cash held	(3,532,381)	(631)
Cash and cash equivalents at beginning of period	4,410,639	2,937,212
Cash and cash equivalents at end of period	<u><u>878,258</u></u>	<u><u>2,936,581</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

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

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

These interim financial statements were authorised for issue on 25 February 2022.

b. **Accounting Policies**

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

c. **Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the half-year ended 31 December 2021, the Group incurred a loss after tax of \$1,001,295, operating cash outflows of \$2,130,804 and as of that date, the Group's current liabilities exceeded its current assets by \$5,046,208. The cash outflows from operating activities included a one-off payment of \$1.3m to settle an outstanding payable from previous periods.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume:

- Realisation of the projected sales from new and existing products;
- Implementation of cost-saving initiatives and entering into repayment arrangements with creditors to preserve working capital;
- Continued support from the existing financier (refer to Note 8). The current NAB loan facility is subject to an annual review and the Group's ability to service loan repayment obligations and meet its covenants as required by the financier. 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, which was not being utilised as at 31 December 2021.

The directors are confident in the Group's ability to achieve the projected forecasts and have therefore concluded that it is appropriate to adopt the going concern basis in preparing the interim financial statements. The directors are of the view that the Group will be able to pay its debts as and when they become due and payable from net cash from operating activities and from existing funds on hand.

In the event that the Group is unable to achieve the above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 2: DIVIDENDS

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

NOTE 3: OPERATING SEGMENTS

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

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

NOTE 4: INVENTORIES

	Consolidated Group	
	As at 31 December 2021	As at 30 June 2021
	\$	\$
At cost		
Work in progress	2,458,811	726,208
Raw materials	1,283,296	1,289,964
Finished goods	1,217,274	840,392
	<u>4,959,381</u>	<u>2,856,564</u>

NOTE 5: PLANT AND EQUIPMENT

	Consolidated Group	
	As at 31 December 2021	As at 30 June 2021
	\$	\$
Plant and equipment:		
At fair value	21,431,160	21,021,343
Accumulated depreciation	(7,330,422)	(6,370,266)
	<u>14,100,738</u>	<u>14,651,077</u>
Office equipment:		
At cost	335,163	327,368
Accumulated depreciation	(263,888)	(262,254)
Office equipment:	<u>71,275</u>	<u>65,114</u>
Total plant and equipment	<u>14,172,013</u>	<u>14,716,191</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

a. Movements in Carrying Amounts

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

	Plant and Equipment	Office Equipment	Total
	\$	\$	\$
Consolidated Group			
Balance at 30 June 2021	14,651,077	65,114	14,716,191
Additions	409,817	7,795	417,612
Depreciation expense	(960,156)	(1,634)	(961,790)
Balance at 31 December 2021	14,100,738	71,275	14,172,013

NOTE 6: RIGHT-OF-USE ASSETS

	Consolidated Group	
	As at 31 December 2021	As at 30 Jun 2021
	\$	\$
Leased building	7,747,079	7,747,079
Accumulated depreciation	(1,916,580)	(1,636,461)
	5,830,499	6,110,618
Leased equipment	468,879	468,879
Accumulated depreciation	(272,040)	(246,186)
	196,839	222,693
Total right-of-use assets	6,027,338	6,333,311

a. Movements in Carrying Amounts

	Leased building	Leased equipment	Total
	\$	\$	\$
Balance as of June 2021	6,110,618	222,693	6,333,311
Depreciation expense	(280,119)	(25,854)	(305,973)
Net carrying amount	5,830,499	196,839	6,027,338

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 7: INTANGIBLE ASSETS

	Consolidated Group	
	As at	As at
	31 December 2021	30 June 2021
	\$	\$
Intellectual property – at cost		
Cost	278,059	278,059
Accumulated impairment losses	(200,078)	(198,656)
Net carrying amount	77,981	79,403
Brand names – at cost		
Cost	7,914,998	7,914,998
Accumulated impairment losses	(2,297,732)	(2,297,732)
Net carrying amount	5,617,266	5,617,266
Product development costs – at cost		
Cost	3,251,075	2,969,075
Accumulated amortisation and impairment losses	(2,468,785)	(2,362,629)
Net carrying amount	782,290	606,446
Total intangible assets	6,483,537	6,303,115

a. Movements in Carrying Amounts

	Intellectual property	Brand names	Product development costs	Total
	\$	\$	\$	\$
Consolidated Group:				
Balance at 1 July 2021	79,403	5,617,266	606,446	6,303,115
Additions	-	-	282,000	282,000
Amortisation charges	(1,422)	-	(106,156)	(107,578)
Balance at 31 December 2021	77,981	5,617,266	782,290	6,477,537

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: BORROWINGS

	CONSOLIDATED GROUP	
	As at	As at
	31 December 2021	30 June 2021
	\$	\$
CURRENT		
Secured liabilities:		
Loan – NAB facility	5,858,780	6,400,447
Total current borrowings	5,858,780	6,400,447

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

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

NOTE 9: ISSUED CAPITAL

	CONSOLIDATED GROUP	
Note	As at	As at
	31 December 2021	30 June 2021
	\$	\$
946,761,854 fully paid ordinary shares	53,713,952	53,438,952
	53,713,952	53,438,952
	No.	\$
a. Ordinary Shares		
Balance at 1 July 2021	946,761,854	53,438,952
Shares issued ¹	-	275,000
Balance at 31 December 2021	946,761,854	53,713,952

¹ Represents the fair value of shares issued for marketing services provided. The shares were issued on 2 March 2021.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 10: FAIR VALUE MEASUREMENTS

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

a. Valuation Techniques

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

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

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

b. Fair Value Hierarchy

Fair Value Measurements at 31 December 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)
Plant and equipment – at revalued amounts	-	-	14,100,738
Total recurring fair value measurements	-	-	14,100,738

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 10: FAIR VALUE MEASUREMENTS

c. Valuation Techniques Used to Determine Level 3 Fair Values

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

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

d. Reconciliation of Recurring Level 3 Fair Value Measurements

	Plant and equipment \$
Balance at the beginning of the period	14,651,077
Additions	409,817
Depreciation expense	(960,156)
	14,100,738

NOTE 11: CONTINGENT LIABILITIES

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

NOTE 12: EVENTS AFTER THE END OF THE INTERIM PERIOD

On 17 January 2022, the company appointed Ashley Bottrell as CFO.

Other than those disclosed within this financial report, the directors were not aware of any other significant events subsequent to balance date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 13: RELATED PARTY TRANSACTIONS

	Consolidated Group Half-year Ended 31 December 2021 \$
Sale of goods and services, net of related expenses to Careline (Australia) Pty Ltd, a entity related to Norman Li	21,047
Receivable at reporting date	<u>21,047</u>

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

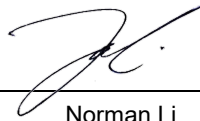
The Food Revolution Group Limited ABN 20 150 015 446 and Controlled Entities

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 6 to 17, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the Consolidated Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

Chairman



Norman Li

Dated: 25 February 2022

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

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

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of The Food Revolution Group Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of The Food Revolution Group Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the The Food Revolution Group Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Food Revolution Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report which indicates that the group incurred a loss after tax of \$1,001,295 during the half-year ended 31 December 2021 and as of that date, the group's current liabilities exceeded its current assets by \$5,046,208. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

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

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

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

N M Chadwick

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

G Webb

GRAHAM WEBB

Partner

Dated: 25 February 2022

FOOD



THE **FOOD**
REVOLUTION
GROUP