



THE **FOOD**  
REVOLUTION  
GROUP



INTERIM REPORT  
December 2022

# 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 2022

#### Results for Announcement to the Market

| Key Information   | Half-year Ended           | Half-year Ended           | Change<br>%  |
|---|---------------------------|---------------------------|--------------|
|   | 31 December<br>2022<br>\$ | 31 December<br>2021<br>\$ |              |
| Gross revenue from ordinary activities                          | 24,363,492                | 21,724,949                | Increase 12% |
| Loss after tax from ordinary activities attributable to members | (1,167,108)               | (1,001,295)               | Increase 17% |
| Net loss attributable to members                                | (1,167,108)               | (1,001,295)               | Increase 17% |

#### 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<br>Ended<br>31 December<br>2022<br>cents/Share | Half-year<br>Ended<br>31 December<br>2021<br>cents/Share |
|-------------------------------|--|--|
| Net tangible assets per share | 0.49   | 0.85   |

#### 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 2022.

### Directors

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

Jeffrey Kennett - Non-Executive Chairman, appointed 15 December 2022  
Tao (Norman) Li – Non-Executive Director  
Rocky Zhou – Non-Executive Director  
Jacqueline Phillips – Non-Executive Director  
David Marchant – Non-Executive Director  
Minna (Norman) Rong – Non-Executive Director, resigned 14 October 2022

### 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 FY2023 are summarised below:

- Appointment of Non-Executive Chairman the Hon. Jeffrey Kennett AC replacing Mr Norman Li who remains an active member of the board in his capacity as Non-Executive Director. Mr Kennett brings extensive experience to FOD with a career spanning more than 40 years in government and commerce. As Premier of Victoria 1992-1999, he drove reform and transformation within the State. In commerce, Mr Kennett was Director and Chairman of Equity Trustees Limited, a Director of Seven West Media, Chairman of the Advisory Board of PFD Food Services, and is currently Chairman and Director of CT Management Group and continues to occupy leadership roles in a number of unlisted companies.
- Mr Minna 'Norman' Rong retired from the board effective 14<sup>th</sup> October 2022.
- Repayment of NAB debt facility of \$0.64m during the first half of the financial year.
- Launch of Juice Lab 60ml Calm Shot, Juice Lab 350ml Multi-dose range, Juice Lab Green Oat Smoothie, OBL 1.5L Clear Apple Juice and OJC 1.5L vegetable juice range during the first half of FY2023.

#### Earnings performance review 1H FY2022

In H1 FY2023 the Group generated reported earnings before interest, tax, depreciation and amortisation (EBITDA) of \$0.74 million, which was a decrease of \$0.08 million on the comparative period. 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 R&D expense adjustment for \$0.48m included in operating costs.

Revenue increased from \$21.7m in H1 FY2022 to \$24.4m in H1 FY2023 delivering a sales uplift of 12% in the same comparison period. However, increasing costs in freight, direct labour and trade spend in the first half of the financial year had led to a decrease in margin of 4.19% against the comparative period. Aside from the beforementioned cost increases in the first half, a stronger and more profitable sales mix, as well as strategic changes to the procurement of fruit has enabled us to minimise the impact of those cost increases on the margin. The key drivers of stronger gross margin included the ongoing success of Juice Lab wellness shots range, which has been extended in H1 of 2023 to include a new Calm 60ml product as well as an extension of products into a new 350ml multi-dose offering.

## DIRECTORS' REPORT

Juice Lab wellness shots have continued to outperform competitors with a 60% market share in the newly created wellness shots segment<sup>1</sup>. As part of the Group's ongoing strategy to develop healthier impulse juices and beverages and as consumers look for better-for-you alternatives that are free of artificial sweeteners or preservatives, we have launched the Juice Lab 350ml Green Oat Smoothie, ranged nationally in Coles and Woolworths.

The extension of our Original Juice Co. range has included the introduction of a new 1.5L Clear Apple product as well as the acceptance of a new 1.5L 'Purple Veggie' juice to hit shelves in February 2023, adding to our range of chilled vegetable-based juices, to meet consumer demand of providing a refreshing and flavoursome juice, whilst still providing many health benefits.

In addition to expanding on the Group's brands and product ranges available in major supermarket retailers, in H1 FY2023 a clear focus has been on maximising our manufacturing capabilities, by increasing the volume of the production of juice through the facility. This has been done by securing a significant portion of Aldi's national ranging of private label juice range, as well as sourcing new industrial customers to which we provide bulk juice in the form of tankers.

The business is also focused on maximising and extracting the full value of the product life cycle and reducing operational waste to landfill. This includes the production of orange and grapefruit by-products including oil, peel, pulp and fibre. The addition of sales of these by-products will see future margin improvement, as the cost of production of these products is minimal and require very little processing and labour.

### Operating Results

- Revenue
  - Gross sales for the Group were \$24,363,492 and are up 12% on the PCP. Net revenues after trading terms, volume rebates and other claims (trading terms) were \$19,283,943. Trading terms generally apply in respect of sales of product into the grocery channel.
- Cashflow
  - Operational cash outflow for the period of \$58,880, an improvement over the prior comparative period of net cash outflow of \$2,071,924.
  - The operating cash outflow for the first half was negatively impacted by a missed receipting period in late December from one of our major customers. This meant that an expected December cash receipt of approximately \$1m was not received until the first week of January.
  - \$1.1m 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 \$0.73 million on hand as at 31 December 2022.
- Gross profit and EBITDA
  - The gross profit for the period was \$5.86m which equates to 30.39% of net sales.
  - The loss before tax was \$1,167,108 for the half-year.
  - The combination of improving sales volumes, prices and efficiencies delivered an EBITDA of \$0.74 million for 1H FY2023.
- *EBITDA calculation*

|                                    |                    |
|------------------------------------|--------------------|
| <b>Loss before tax</b>             | <b>(1,167,108)</b> |
| Add: depreciation and amortisation | 1,479,874          |
| Add: finance costs                 | 430,396            |
| <b>EBITDA</b>                      | <b>743,162</b>     |


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

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 2022.

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

A handwritten signature in black ink, appearing to read 'Jeff Kennett', is written over a horizontal dotted line.

Jeffrey Kennett

Non-Executive Chairman

Dated: 27 February 2023

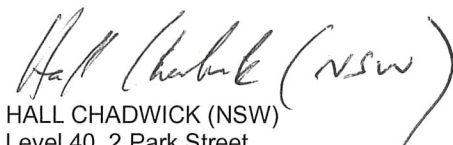


THE FOOD REVOLUTION GROUP LIMITED  
ABN 20 150 015 446  
AND CONTROLLED ENTITIES

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

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 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

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

  
**STEWART THOMPSON**  
Partner  
Dated: 27 February 2023

# 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 2022

|  | <b>Consolidated Group</b>                   |   |
|--|---|---|
|  | <b>Half-year Ended<br/>31 December 2022</b> | <b>Half-year Ended<br/>31 December 2021</b> |
|  | <b>\$</b>                                   | <b>\$</b>                                   |
| Revenue  | 19,283,943                                  | 17,588,625                                  |
| Cost of sales                                    | (13,424,219)                                | (11,507,842)                                |
| <b>Gross profit</b>                              | <b>5,859,724</b>                            | <b>6,080,783</b>                            |
| Other income                                     | 27,094                                      | 308,083                                     |
| Administrative expenses                          | (514,572)                                   | (777,674)                                   |
| Depreciation, amortisation and write-offs        | (1,479,874)                                 | (1,369,341)                                 |
| Employment costs                                 | (2,608,142)                                 | (2,843,178)                                 |
| Finance costs                                    | (430,396)                                   | (437,701)                                   |
| Marketing expenses                               | (148,509)                                   | (781,675)                                   |
| Operating costs                                  | (1,863,913)                                 | (1,371,656)                                 |
| Share-based payments                             | (8,520)                                     | 191,064                                     |
| <b>Loss before income tax</b>                    | <b>(1,167,108)</b>                          | <b>(1,001,295)</b>                          |
| Income tax expense                               | -   | -   |
| <b>Loss for the period</b>                       | <b>(1,167,108)</b>                          | <b>(1,001,295)</b>                          |
| Other comprehensive income                       |   |   |
| <b>Other comprehensive income for the period</b> | <b>-</b>                                    | <b>-</b>                                    |
| <b>Total comprehensive income for the period</b> | <b>(1,167,108)</b>                          | <b>(1,001,295)</b>                          |
|  | <b>Cents</b>                                | <b>Cents</b>                                |
| Basic loss per share                             | (0.12)                                      | (0.11)                                      |
| Diluted loss per share                           | (0.12)                                      | (0.11)                                      |

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 2022

|                                      |   | <b>Consolidated Group</b> |                     |
|--------------------------------------|---|---------------------------|---------------------|
|                                      |   | <b>As at</b>              | <b>As at</b>        |
|                                      |   | <b>31 December 2022</b>   | <b>30 June 2022</b> |
|                                      |   | <b>\$</b>                 | <b>\$</b>           |
| <b>ASSETS</b>                        |   |                           |                     |
| <b>CURRENT ASSETS</b>                |   |                           |                     |
| Cash and cash equivalents            |   | 733,941                   | 909,969             |
| Trade and other receivables          |   | 2,602,415                 | 1,602,436           |
| Inventories                          | 4 | 5,167,718                 | 3,718,362           |
| Other assets                         |   | 222,880                   | 46,724              |
| <b>TOTAL CURRENT ASSETS</b>          |   | <b>8,726,954</b>          | <b>6,277,491</b>    |
| <b>NON-CURRENT ASSETS</b>            |   |                           |                     |
| Property, plant and equipment        | 5 | 12,637,250                | 13,299,603          |
| Right of use assets                  | 6 | 5,850,589                 | 5,721,363           |
| Deferred tax assets                  |   | 3,111,293                 | 3,111,293           |
| Intangible assets                    | 7 | 6,938,689                 | 6,681,537           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |   | <b>28,537,821</b>         | <b>28,813,796</b>   |
| <b>TOTAL ASSETS</b>                  |   | <b>37,264,775</b>         | <b>35,091,287</b>   |
| <b>LIABILITIES</b>                   |   |                           |                     |
| <b>CURRENT LIABILITIES</b>           |   |                           |                     |
| Trade and other payables             |   | 8,006,960                 | 6,145,703           |
| Lease liabilities                    |   | 655,462                   | 433,838             |
| Borrowings                           | 8 | 3,085,075                 | 1,094,995           |
| Provisions                           |   | 513,720                   | 474,070             |
| <b>TOTAL CURRENT LIABILITIES</b>     |   | <b>12,261,217</b>         | <b>8,148,606</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |   |                           |                     |
| Lease liabilities                    |   | 6,925,410                 | 6,868,939           |
| Borrowings                           | 8 | 3,258,781                 | 4,113,785           |
| Deferred tax liabilities             |   | 3,111,293                 | 3,111,293           |
| Provisions                           |   | 146,923                   | 128,925             |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |   | <b>13,442,407</b>         | <b>14,222,942</b>   |
| <b>TOTAL LIABILITIES</b>             |   | <b>25,703,624</b>         | <b>22,371,548</b>   |
| <b>NET ASSETS</b>                    |   | <b>11,561,151</b>         | <b>12,719,739</b>   |
| <b>EQUITY</b>                        |   |                           |                     |
| Issued capital                       | 9 | 53,713,952                | 53,713,952          |
| Options reserve                      |   | 1,075,966                 | 1,067,446           |
| Revaluation reserve                  |   | 9,017,833                 | 9,017,833           |
| Accumulated losses                   |   | (52,246,600)              | (51,079,492)        |
| <b>TOTAL EQUITY</b>                  |   | <b>11,561,151</b>         | <b>12,719,739</b>   |

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 HALF-YEAR ENDED 31 DECEMBER 2022

| Consolidated Group  | Ordinary<br>Share Capital | Accumulated<br>Losses | Revaluation<br>Surplus | Options<br>Reserve | Total       |
|---|---------------------------|-----------------------|------------------------|--------------------|-------------|
|   | \$                        | \$                    | \$                     | \$                 | \$          |
| <b>Balance at 1 July 2021</b>   | 53,438,952                | (48,252,139)          | 9,017,833              | 1,254,796          | 15,459,442  |
| <b>Comprehensive income</b>   |                           |                       |                        |                    |             |
| Loss for the period   | -                         | (1,001,295)           | -                      | -                  | (1,001,295) |
| Other comprehensive income for the period   | -                         | -                     | -                      | -                  | -           |
| <b>Total comprehensive income for the period</b>                                  | -                         | (1,001,295)           | -                      | -                  | (1,001,295) |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b> |                           |                       |                        |                    |             |
| 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)   |
| <b>Total transactions with owners and other transfers</b>                         | 275,000                   | -                     | -                      | (191,064)          | 83,936      |
| <b>Balance at 31 December 2021</b>  | 53,713,952                | (49,253,434)          | 9,017,833              | 1,063,732          | 14,542,083  |
| <b>Balance at 1 July 2022</b>   | 53,713,952                | (51,079,492)          | 9,017,833              | 1,067,446          | 12,719,739  |
| <b>Comprehensive income</b>   |                           |                       |                        |                    |             |
| Loss for the period   | -                         | (1,167,108)           | -                      | -                  | (1,167,108) |
| Other comprehensive income for the period   | -                         | -                     | -                      | -                  | -           |
| <b>Total comprehensive income for the period</b>                                  | -                         | (1,167,108)           | -                      | -                  | (1,167,108) |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b> |                           |                       |                        |                    |             |
| Share-based payments transactions   | -                         | -                     | -                      | 8,520              | 8,520       |
| <b>Total transactions with owners and other transfers</b>                         | -                         | -                     | -                      | 8,520              | 8,520       |
| <b>Balance at 31 December 2022</b>  | 53,713,952                | (52,246,600)          | 9,017,833              | 1,075,966          | 11,561,151  |

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 2022**

|   | <b>Consolidated Group</b>                   |   |
|---|---|---|
|   | <b>Half-year Ended<br/>31 December 2022</b> | <b>Half-year Ended<br/>31 December 2021</b> |
|   | <b>\$</b>                                   | <b>\$</b>                                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |   |   |
| Receipts from customers                             | 18,301,829                                  | 17,303,293                                  |
| Payments to suppliers and employees                 | (18,226,663)                                | (19,349,973)                                |
| Interest paid                                       | (134,046)                                   | (84,124)                                    |
| Net cash (used in) operating activities             | (58,880)                                    | (2,130,804)                                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |   |   |
| Purchase of brand names and other intangible assets | (351,135)                                   | (282,000)                                   |
| Purchase of property, plant and equipment           | (318,582)                                   | (417,612)                                   |
| Net cash (used in) investing activities             | (669,717)                                   | (699,612)                                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |   |   |
| Proceeds from borrowings                            | 1,785,074                                   | 6,500,000                                   |
| Repayment of borrowings                             | (650,000)                                   | (6,741,667)                                 |
| Payment of lease liabilities                        | (582,505)                                   | (460,298)                                   |
| Net cash provided by (used in) financing activities | 552,569                                     | (701,965)                                   |
| Net (decrease) in cash held                         | (176,028)                                   | (3,532,381)                                 |
| Cash and cash equivalents at beginning of period    | 909,969                                     | 4,410,639                                   |
| Cash and cash equivalents at end of period          | 733,941                                     | 878,258                                     |

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 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 2022, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 27 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 2022, the Group incurred a loss after tax of \$1,167,108, operating cash outflows of \$58,880 and as of that date, the Group's current liabilities exceeded its current assets by \$3,534,263. The cash outflows from operating activities are an improvement over the prior comparative period of over \$2m and include a missed receipting period in late December from one of the Groups major customers. This meant that an expected December cash receipt of approximately \$1m was not received until the first week of January.

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 is also utilising a \$1.0m invoice finance facility by NAB for working capital to meet any seasonality cashflow requirements. Additionally, a loan of \$0.8m has been provided to the Group from Batman Investments to fund short-term strategic procurement needs.

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 2022

### 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

|                  | <b>Consolidated Group</b>         |                               |
|------------------|-----------------------------------|-------------------------------|
|                  | <b>As at<br/>31 December 2022</b> | <b>As at<br/>30 June 2022</b> |
|                  | <b>\$</b>                         | <b>\$</b>                     |
| At cost          |                                   |                               |
| Work in progress | 1,994,650                         | 1,263,418                     |
| Raw materials    | 1,325,748                         | 1,437,430                     |
| Finished goods   | 1,847,320                         | 1,017,514                     |
|                  | <u>5,167,718</u>                  | <u>3,718,362</u>              |

### NOTE 5: PLANT AND EQUIPMENT

|                           | <b>Consolidated Group</b>                 |                                   |
|---------------------------|---|-----------------------------------|
|                           | <b>As at<br/>31<br/>December<br/>2022</b> | <b>As at<br/>30 June<br/>2022</b> |
|                           | <b>\$</b>                                 | <b>\$</b>                         |
| Plant and equipment:      |   |                                   |
| At fair value             | 21,849,815                                | 21,534,917                        |
| Accumulated depreciation  | (9,285,751)                               | (8,304,816)                       |
|                           | <u>12,564,064</u>                         | <u>13,230,101</u>                 |
| Office equipment:         |   |                                   |
| At cost                   | 338,848                                   | 335,163                           |
| Accumulated depreciation  | (265,662)                                 | (265,661)                         |
| Office equipment:         | <u>73,186</u>                             | <u>69,502</u>                     |
| Total plant and equipment |   | <u>13,299,603</u>                 |
|                           | <u>12,637,250</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 2022

### 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<br>Equipment<br>\$ | Office<br>Equipment<br>\$ | Total<br>\$ |
|-----------------------------|------------------------------|---------------------------|-------------|
| <b>Consolidated Group</b>   |                              |                           |             |
| Balance at 30 June 2022     | 13,230,101                   | 69,502                    | 13,299,603  |
| Additions                   | 314,898                      | 3,684                     | 318,582     |
| Depreciation expense        | (980,935)                    | -                         | (980,935)   |
| Balance at 31 December 2022 | 12,564,064                   | 73,186                    | 12,637,250  |

### NOTE 6: RIGHT-OF-USE ASSETS

|                           | Consolidated Group              |                             |
|---------------------------|---------------------------------|-----------------------------|
|                           | As at<br>31 December 2022<br>\$ | As at<br>30 June 2022<br>\$ |
| Leased building           | 7,747,079                       | 7,747,079                   |
| Accumulated depreciation  | (2,364,423)                     | (2,175,032)                 |
|                           | 5,382,656                       | 5,572,047                   |
| Leased equipment          | 1,400,089                       | 468,879                     |
| Accumulated depreciation  | (932,156)                       | (319,563)                   |
|                           | 467,933                         | 149,316                     |
| Total right-of-use assets | 5,850,589                       | 5,721,363                   |

### a. Movements in Carrying Amounts

|                         | Leased building<br>\$ | Leased<br>equipment<br>\$ | Total<br>\$ |
|-------------------------|-----------------------|---------------------------|-------------|
| Balance as of June 2022 | 5,572,047             | 149,316                   | 5,721,363   |
| Additions               | -                     | 527,685                   | 527,685     |
| Depreciation expense    | (189,391)             | (209,068)                 | (398,459)   |
| Net carrying amount     | 5,382,656             | 467,933                   | 5,850,589   |

# 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 2022

### NOTE 7: INTANGIBLE ASSETS

|  | <b>Consolidated Group</b>         |                               |
|--|-----------------------------------|-------------------------------|
|  | <b>As at<br/>31 December 2022</b> | <b>As at<br/>30 June 2022</b> |
|  | <b>\$</b>                         | <b>\$</b>                     |
| Intellectual property – at cost                |                                   |                               |
| Cost   | 360,407                           | 294,324                       |
| Accumulated impairment losses                  | (205,920)                         | (201,214)                     |
| Net carrying amount                            | 154,487                           | 93,110                        |
| 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   | 2,106,283                         | 1,821,231                     |
| Accumulated amortisation and impairment losses | (939,347)                         | (850,070)                     |
| Net carrying amount                            | 1,166,936                         | 971,161                       |
| Total intangible assets                        | 6,938,689                         | 6,681,537                     |

### a. Movements in Carrying Amounts

|                             | <b>Intellectual<br/>property</b> | <b>Brand names</b> | <b>Product<br/>development<br/>costs</b> | <b>Total</b> |
|-----------------------------|----------------------------------|--------------------|--|--------------|
|                             | <b>\$</b>                        | <b>\$</b>          | <b>\$</b>                                | <b>\$</b>    |
| <b>Consolidated Group:</b>  |                                  |                    |  |              |
| Balance at 1 July 2022      | 93,110                           | 5,617,266          | 971,161                                  | 6,681,537    |
| Additions                   | 66,083                           | -                  | 285,052                                  | 351,135      |
| Amortisation charges        | (4,706)                          | -                  | (89,277)                                 | (93,983)     |
| Balance at 31 December 2022 | 154,487                          | 5,617,266          | 1,166,936                                | 6,938,689    |

# 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 2022

### NOTE 8: BORROWINGS

|                               | CONSOLIDATED GROUP        |                       |
|-------------------------------|---------------------------|-----------------------|
|                               | As at<br>31 December 2022 | As at<br>30 June 2022 |
|                               | \$                        | \$                    |
| <b>CURRENT</b>                |                           |                       |
| Secured liabilities:          |                           |                       |
| Loan – NAB facility           | 1,300,000                 | 1,094,995             |
| Loan – NAB Invoicing facility | 995,075                   | -                     |
| Other borrowings              | 790,000                   | -                     |
| Total current borrowings      | 3,085,075                 | 1,094,995             |
| <b>NON-CURRENT</b>            |                           |                       |
| Loan – NAB facility           | 3,258,781                 | 4,113,85              |
| Total borrowings              | 6,343,856                 | 5,208,780             |

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.
- A \$0.8m unsecured short-term loan from Batman Investments at 0% interest rate with no maturity date.

### NOTE 9: ISSUED CAPITAL

|  | Note | CONSOLIDATED GROUP        |                       |
|--|------|---------------------------|-----------------------|
|  |      | As at<br>31 December 2022 | As at<br>30 June 2022 |
|  |      | \$                        | \$                    |
| 946,761,854 fully paid ordinary shares | a    | 53,713,952                | 53,713,952            |
|  |      | 53,713,952                | 53,713,952            |
|  |      | <b>No.</b>                | <b>\$</b>             |
| <b>a. Ordinary Shares</b>              |      |                           |                       |
| Balance at 1 July 2022                 |      | 946,761,854               | 946,761,854           |
| Balance at 31 December 2022            |      | 946,761,854               | 946,761,854           |

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 2022

### 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<br>31 December 2022 Using: |  |   |  |
|---|--|---|--|
|   | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>\$<br>(Level 1) | Significant<br>Observable<br>Inputs Other than<br>Level 1 Inputs<br>\$<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>\$<br>(Level 3) |
| Plant and equipment – at revalued amounts             | -  | -   | 12,564,064   |
| <b>Total recurring fair value measurements</b>        | -  | -   | 12,564,064   |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 28 April 2021 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**

|  | <b>Plant and<br/>equipment</b> |
|--|--------------------------------|
|  | <b>\$</b>                      |
| Balance at the beginning of the period | 13,230,101                     |
| Additions                              | 314,898                        |
| Depreciation expense                   | (980,935)                      |
|  | <b><u>12,564,064</u></b>       |

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

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

NOTE 13: RELATED PARTY TRANSACTIONS

|  | <b>Consolidated<br/>Group<br/>Half-year<br/>Ended<br/>31 December<br/>2022</b> |
|--|--|
|  | <b>\$</b>  |
| Sale of goods and services, net of related expenses to Careline (Australia) Pty Ltd, a entity related to Norman Li | 139,832  |
| Receivable at reporting date   | <b><u>139,832</u></b>  |

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 16, 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 2022 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



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Jeffrey Kennett

Dated: 27 February 2023

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

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

*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 2022, 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 accompanying 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 2022 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 for the Review of the Financial Report* section of our report. We are independent of The Food Revolution Group Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 2 in the financial report, which indicates that the group incurred a net loss of \$1,167,108 during the half-year ended 31 December 2022 and, as of that date, the group's current liabilities exceeded its current assets by \$3,534,263. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists 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.

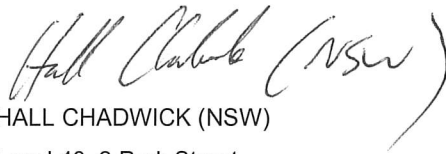
*Auditor's Responsibility for the Review of the Financial Report*

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 group's financial position as at 31 December 2022 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*.

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

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

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



HALL CHADWICK (NSW)

Level 40, 2 Park Street

Sydney NSW 2000



**STEWART THOMPSON**

Partner

Dated: 27 February 2023





THE **FOOD**  
REVOLUTION  
GROUP