



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 %
	31 December 2022 \$	31 December 2021 \$	
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 Ended 31 December 2022 cents/Share	Half-year Ended 31 December 2021 cents/Share
	Net tangible assets per share	0.49

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.

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

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 14th 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 segment¹. 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*

Loss before tax	(1,167,108)
Add: depreciation and amortisation	1,479,874
Add: finance costs	430,396
EBITDA	743,162

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

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 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.



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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

	Consolidated Group	
	Half-year Ended	Half-year Ended
	31 December 2022	31 December 2021
	\$	\$
Revenue	19,283,943	17,588,625
Cost of sales	(13,424,219)	(11,507,842)
Gross profit	5,859,724	6,080,783
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
Loss before income tax	(1,167,108)	(1,001,295)
Income tax expense	-	-
Loss for the period	(1,167,108)	(1,001,295)
Other comprehensive income		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(1,167,108)	(1,001,295)
	Cents	Cents
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

		Consolidated Group	
		As at	As at
		31 December 2022	30 June 2022
		\$	\$
ASSETS			
CURRENT ASSETS			
		733,941	909,969
		2,602,415	1,602,436
	4	5,167,718	3,718,362
		222,880	46,724
TOTAL CURRENT ASSETS		8,726,954	6,277,491
NON-CURRENT ASSETS			
	5	12,637,250	13,299,603
	6	5,850,589	5,721,363
		3,111,293	3,111,293
	7	6,938,689	6,681,537
TOTAL NON-CURRENT ASSETS		28,537,821	28,813,796
TOTAL ASSETS		37,264,775	35,091,287
LIABILITIES			
CURRENT LIABILITIES			
		8,006,960	6,145,703
		655,462	433,838
	8	3,085,075	1,094,995
		513,720	474,070
TOTAL CURRENT LIABILITIES		12,261,217	8,148,606
NON-CURRENT LIABILITIES			
		6,925,410	6,868,939
	8	3,258,781	4,113,785
		3,111,293	3,111,293
		146,923	128,925
TOTAL NON-CURRENT LIABILITIES		13,442,407	14,222,942
TOTAL LIABILITIES		25,703,624	22,371,548
NET ASSETS		11,561,151	12,719,739
EQUITY			
	9	53,713,952	53,713,952
		1,075,966	1,067,446
		9,017,833	9,017,833
		(52,246,600)	(51,079,492)
TOTAL EQUITY		11,561,151	12,719,739

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 Share Capital	Accumulated Losses	Revaluation Surplus	Options Reserve	Total
	\$	\$	\$	\$	\$
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	14,542,083
Balance at 1 July 2022	53,713,952	(51,079,492)	9,017,833	1,067,446	12,719,739
Comprehensive income					
Loss for the period	-	(1,167,108)	-	-	(1,167,108)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	(1,167,108)	-	-	(1,167,108)
Transactions with owners, in their capacity as owners, and other transfers					
Share-based payments transactions	-	-	-	8,520	8,520
Total transactions with owners and other transfers	-	-	-	8,520	8,520
Balance at 31 December 2022	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

	Consolidated Group	
	Half-year Ended 31 December 2022	Half-year Ended 31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
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	<u>(58,880)</u>	<u>(2,130,804)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
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	<u>(669,717)</u>	<u>(699,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
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	<u>552,569</u>	<u>(701,965)</u>
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	<u>733,941</u>	<u>878,258</u>

The accompanying notes form part of these financial statements.

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 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 Group's 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

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
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
	5,167,718	3,718,362

NOTE 5: PLANT AND EQUIPMENT

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

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 Equipment	Office Equipment	Total
	\$	\$	\$
Consolidated Group			
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	As at
	31 December 2022	30 June 2022
	\$	\$
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	Leased equipment	Total
	\$	\$	\$
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

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
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

	Intellectual property	Brand names	Product development costs	Total
	\$	\$	\$	\$
Consolidated Group:				
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 31 December 2022	As at 30 June 2022
	\$	\$
CURRENT		
Secured liabilities:		
Loan – NAB facility	1,300,000	1,094,995
Loan – NAB Invoicing facility	995,075	-
Other borrowings	790,000	-
Total current borrowings	<u>3,085,075</u>	<u>1,094,995</u>
NON-CURRENT		
Loan – NAB facility	3,258,781	4,113,85
Total borrowings	<u>6,343,856</u>	<u>5,208,780</u>

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 31 December 2022	As at 30 June 2022
		\$	\$
946,761,854 fully paid ordinary shares	a	53,713,952	53,713,952
		<u>53,713,952</u>	<u>53,713,952</u>
		No.	\$
a. Ordinary Shares			
Balance at 1 July 2022		946,761,854	946,761,854
Balance at 31 December 2022		<u>946,761,854</u>	<u>946,761,854</u>

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 31 December 2022 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	-	-	12,564,064
Total recurring fair value measurements	-	-	12,564,064

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

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

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

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

	Consolidated Group Half-year Ended 31 December 2022
	\$
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	<u>139,832</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 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



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.

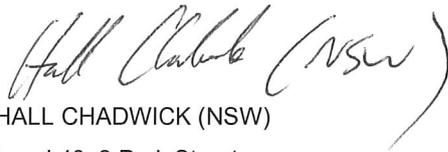
Auditor's Responsibility for the Review of the Financial Report

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

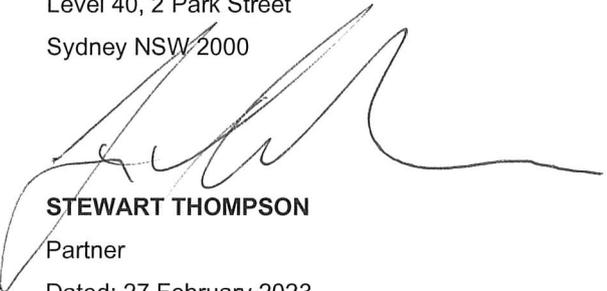
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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