



THE FOOD
REVOLUTION
GROUP

ACN 150 015 446

Appendix 4E

Preliminary Final Report

For the year ended 30 June 2021

This Preliminary Final Report is provided to the ASX under ASX Listing Rule 4.3A

Appendix 4E

Preliminary Final Report

Current reporting period

1 July 2020 to 30 June 2021

Previous corresponding reporting period (PCP)

1 July 2019 to 30 June 2020

Results for announcement to the market

	2021	2020	Change	Change
	\$'000	\$'000	\$	%
Gross Sales	42,013	42,230	-217	-0.5%
Loss for the year	-2,167	-9,613	7,446	77%
Total comprehensive income for the year	-2,061	-9,454	7,393	78%

Dividend information

No dividends are proposed and no dividends were declared or paid during the current or prior year.

Net tangible asset (NTA) backing information

	2021	2020
	Cents	Cents
NTA backing per ordinary share (cents per share)	0.35	0.55

Status of audit

This preliminary final report is based on accounts that are in the process of being audited and there are no areas of likely dispute or audit qualification.

Commentary on results

Highlights

Total Group gross revenue of \$42m. Of the \$42m total sales, the juice related sales of \$40.6m are up 13% on FY20 juice sales of \$36m.

EBITDA of positive \$1.8m, which is an improvement of \$7.3m on the FY20 EBITDA. The improved EBITDA position was driven by a combination of higher GP margin and decreased expenses.

Revenue

Juice related net sales increased by 13% compared with FY20 due mainly to the increase in prices and successful launch of new products into the market.

Due to change in market circumstances, the company cleared all the sanitiser stock in Q1 of FY21, and did not sell sanitiser for the remainder of the financial year.

Gross Profit

Gross margins were significantly improved due to the higher profitability of the product mix and optimal expenses arrangement.

The Food Revolution Group Limited

Expenses

	2021	2020
	\$	\$
Employment costs	3,527,078	4,442,660
Administration costs	1,128,378	1,065,152
Operating costs	2,966,168	3,161,874
Marketing costs	632,386	1,695,133
Total	8,254,010	10,364,819
% Net Revenue	24.26%	30.0%

FOD continues to actively manage its cost base for current and medium- term growth opportunities.

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

Cash flow

Cash balances at year end increased to \$4,410,639, from prior year balance of \$2,937,212.

The Food Revolution Group Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

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

The accompanying notes form part of these financial statements.

The Food Revolution Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Consolidated Group	
		2021	2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,410,639	2,937,212
Trade and other receivables	5	1,375,458	1,963,518
Inventories	6	2,856,564	3,481,746
Other assets		133,635	129,456
TOTAL CURRENT ASSETS		8,776,296	8,511,932
NON-CURRENT ASSETS			
Plant and equipment	7	14,716,192	16,230,549
Right-of-use assets	8	6,333,311	6,945,259
Deferred tax assets		3,458,274	4,005,705
Intangible assets	9	6,303,115	6,651,782
TOTAL NON-CURRENT ASSETS		30,810,892	33,833,295
TOTAL ASSETS		39,587,188	42,345,227
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	6,058,296	12,168,843
Provisions	11	524,931	338,144
Borrowings	12	6,400,447	7,583,762
Lease liabilities		380,587	329,849
TOTAL CURRENT LIABILITIES		13,364,261	20,420,598
NON-CURRENT LIABILITIES			
Provisions	11	2,434	55,480
Deferred tax liabilities		3,458,274	4,005,705
Lease liabilities		7,302,777	7,683,860
TOTAL NON-CURRENT LIABILITIES		10,763,485	11,745,045
TOTAL LIABILITIES		24,127,746	32,165,643
NET ASSETS		15,459,442	10,179,584
EQUITY			
Issued capital		53,844,983	46,802,075
Options reserve	14	848,765	550,665
Revaluation surplus	15	9,017,833	8,912,203
Accumulated losses		(48,252,139)	(46,085,359)
TOTAL EQUITY		15,459,442	10,179,584

The accompanying notes form part of these financial statements.

The Food Revolution Group Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital (Ordinary Shares)	Accumulated Losses	Revaluation Surplus	Options Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	41,402,075	(36,473,898)	8,753,758	90,561	13,772,496
Cumulative adjustment upon adoption of new accounting standard – AASB 16	-	(215,646)	-	-	(215,646)
Balance at 1 July 2020 restated	41,402,075	(36,689,544)	8,753,758	90,561	13,556,850
Comprehensive income					
Loss for the year	-	(9,613,161)	-	-	(9,613,161)
Other comprehensive income for the year	-	-	158,445	-	158,445
Total comprehensive income for the year	-	(9,613,161)	158,445	-	(9,454,716)
Transactions with owners, and other transfers					
Issuance of shares	5,400,000	-	-	-	5,400,000
Transfer from options reserve on expiry of options	-	217,346	-	(217,346)	-
Share-based payment transactions	-	-	-	677,450	677,450
Total transactions with owners, and other transfers	5,400,000	217,346	-	460,104	6,077,450
Balance at 30 June 2020	46,802,075	(46,085,359)	8,912,203	550,665	10,179,584
Comprehensive income					
Loss for the year	-	(2,166,780)	-	-	(2,166,780)
Other comprehensive income for the year	-	-	105,630	-	105,630
Total comprehensive income for the year	-	(2,166,780)	105,630	-	(2,061,150)
Transactions with owners, and other transfers					
Issuance of shares	7,042,908	-	-	-	7,042,908
Transfer from options reserve on expiry of options	-	-	-	-	-
Share-based payment transactions	-	-	-	298,100	298,100
Total transactions with owners, and other transfers	7,042,908	-	-	298,100	7,341,008
Balance at 30 June 2021	53,844,983	(48,252,139)	9,017,833	848,765	15,459,442

The accompanying notes form part of these financial statements.

The Food Revolution Group Limited

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

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

The accompanying notes form part of these financial statements.

The Food Revolution Group Limited

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

NOTE 1: REPORTING ENTITY

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

NOTE 2: STATEMENT OF COMPLIANCE

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

Basis of preparation

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

The Food Revolution Group Limited

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

NOTE 2: STATEMENT OF COMPLIANCE

Significant accounting policies

Significant accounting policies will be disclosed in the group's annual financial report for the year ended 30 June 2021.

Segment reporting

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, however with the completion and commissioning of the cleanroom assets in August 2020, it is expected the group would have two separate reporting segments going forward.

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2021	2020
	\$	\$
a. Revenue		
Gross sales	42,012,782	42,230,176
Less: volume rebates and trading terms	(7,986,691)	(7,416,187)
Revenue	34,026,091	34,813,988
b. Other income		
Research and development funding	-	-
Rent income	805,488	1,041,174
Interest income	1,266	10,422
Sundry income	-	4,000
Total other income	806,754	1,055,596
NOTE 4: EXPENSES		
a. ASX and ASIC related costs	109,884	90,754
b. Finance costs		
Interest expenses	528,864	679,571
Other finance charges	113,031	35,242
Interest expense on lease liabilities	570,357	580,774
Total finance costs	1,212,252	1,295,587

The Food Revolution Group Limited

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

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Trade receivables	1,375,458	3,654,650
Other receivables	-	1,727,209
Less: provision for impairment	-	(3,418,341)
TOTAL TRADE AND OTHER RECEIVABLES	1,375,458	1,963,518

NOTE 6: INVENTORIES

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

NOTE 7: PLANT AND EQUIPMENT

	Consolidated Group	
	2021	2020
	\$	\$
Plant and equipment – at cost	21,021,343	20,628,696
Less: accumulated depreciation	(6,370,266)	(4,466,852)
	14,651,077	16,161,844
Office equipment – at cost	327,370	327,130
Less: accumulated depreciation	(262,255)	(258,426)
	65,115	68,705
TOTAL PLANT AND EQUIPMENT	14,716,192	16,230,549

The Food Revolution Group Limited

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

NOTE 8: RIGHT-OF-USE ASSETS

	Consolidated Group	
	2021	2020
	\$	\$
Lease buildings	7,747,079	7,746,445
Less: accumulated depreciation	(1,636,461)	(1,119,990)
	6,110,618	6,626,455
Leased equipment	468,879	468,879
Less: accumulated depreciation	(246,186)	(150,075)
	222,693	318,804
TOTAL RIGHT-OF-USE ASSETS	6,333,311	6,945,259

The Food Revolution Group Limited

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

NOTE 9: INTANGIBLE ASSETS

	Consolidated Group	
	2021	2020
	\$	\$
Intellectual property – at cost	278,059	266,101
Less: Accumulated amortisation	(198,656)	(195,195)
	79,403	70,906
Product development costs – at cost	2,361,744	2,371,781
Less: Accumulated amortisation and impairment losses	(1,755,301)	(1,409,266)
	606,443	962,515
Formation expenses	-	1,095
Brands - at costs	7,915,001	7,914,998
Less: Accumulated impairment	(2,297,732)	(2,297,732)
TOTAL INTANGIBLE ASSETS	6,303,115	6,651,782

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2021	2020
	\$	\$
Trade payables	4,320,119	8,780,947
Other payables and accruals	1,738,177	3,387,896
TOTAL TRADE AND OTHER PAYABLES	6,058,296	12,168,843

NOTE 11: PROVISIONS

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Employee benefits	524,931	338,144
NON-CURRENT		
Employee benefits	2,434	55,480
TOTAL PROVISIONS	527,365	393,624

The Food Revolution Group Limited

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

NOTE 12: BORROWINGS

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Secured loan (a)	6,400,447	7,583,762
TOTAL BORROWINGS	<u>6,400,447</u>	<u>7,583,762</u>

(a) The total drawn down amount of the facility from Greensill as at the date of this report is \$6.4 million, net of transaction costs.

- The interest rate is 7.75% p.a.
- The loan is secured over all the Group's current and future assets.

(b) Additional/Proposed NAB facility:

The company has secured a bank facility from NAB which includes:

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

The Food Revolution Group Limited

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

NOTE 13: INCOME TAX BENEFIT

	Consolidated Group	
	2021	2020
	\$	\$
Deferred tax expense	105,630	158,445
Total income tax expense	<u>105,630</u>	<u>158,445</u>

NOTE 14: OPTIONS RESERVE

	Consolidated Group	
	2021	2020
	\$	\$
Options reserve	<u>848,765</u>	<u>550,665</u>

The options reserve records items recognised as expenses on valuation of employee share options or options issued as share based payments.

NOTE 15: REVALUATION RESERVE

	Consolidated Group	
	2021	2020
	\$	\$
Revaluation of plant and equipment	<u>9,017,833</u>	<u>8,912,203</u>

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

The Food Revolution Group Limited

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

NOTE 16: CASH FLOW INFORMATION

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

The Food Revolution Group Limited

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

NOTE 17: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2021	2020
Parent Entity:			
The Food Revolution Group Limited	Australia		
Subsidiaries of The Food Revolution Group Limited:			
LangTech International Pty Ltd	Australia	100	100
LangTech Citrus Pty Ltd	Australia	100	100
LangTech Bottling Pty Ltd	Australia	100	100
Thirsty Brothers Pty Ltd	Australia	100	100
New Age Beverages Pty Ltd	Australia	100	100
Allure Australia Pty Ltd	Australia	100	100

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

There are no other contingent assets and liabilities at balance date.

NOTE 19: COMPANY DETAILS

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

20 Heaths Court
Mill Park VIC 3082

The Food Revolution Group Limited

DIRECTORS' COMPLIANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

1. This Appendix 4E has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
2. This Appendix 4E uses the same accounting policies which will be adopted in the full financial report.
3. This Appendix 4E is based on financial statements which are in the process of being audited and is not likely to be subject to audit dispute or qualification.
4. In the directors' opinion, there are reasonable grounds to believe the group will be able to pay its debts as and when they become due and payable.



Dated: 30 August 2021