



**INTERIM
REPORT
JUNE 30, 2021**

Company Registration Number 07905640

RAPID NUTRITION PLC

UNAUDITED INTERIM FINANCIAL STATEMENTS

30 JUNE 2021

RAPID NUTRITION PLC

RESPONSIBILITY STATEMENT AS AT THE PERIOD ENDED 30 JUNE 2021

The Directors of Rapid Nutrition PLC and its controlled entity (“the Group”) confirm that, to the best of our knowledge

- a. The condensed set of consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and all relevant pronouncements of *the companies ACT 2006*
- b. The condensed set of consolidated financial statements give a true and fair view of the Group’s financial position as at 30 June 2021 and of its performance for the interim period ended on that date.
- c. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

By order of the Board



Simon St. Ledger

Managing Director

28 October 2021

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Period ended 30 June 2021 (Unaudited) AU\$	Period ended 30 June 2020 (Unaudited) AU\$
Revenue	4	1,405,746	2,018,772
Cost of sales			
Opening inventory		(209,199)	(168,320)
Direct costs		(571,152)	(652,326)
Closing inventory		494,045	209,199
Gross profit		1,081,489	1,407,325
Administrative expenses		(759,097)	(582,104)
Operating profit		360,342	825,221
Changes in fair value of financial assets	11	-	-
(Loss)/Profit before tax		360,342	825,221
Tax expense	7		
(Loss)/Profit for the period attributable to members of the Company		360,342	825,221
Other comprehensive income			
Translation Gain/Loss		-	-
Changes in fair value of financial assets through other comprehensive income		-	-
Non-controlling interest		-	-
Total comprehensive income for the period attributable to members of the Company		360,342	825,221
Basic & diluted earnings per share	26	0.0093	0.0212

All of the activities of the Group are classed as continuing. All of the total comprehensive income for the period is attributable to the owners of the Group

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 21 AU\$	31 Dec-20 AU\$
Current assets			
Cash and cash equivalents	8	91,089	456,000
Trade and other receivables	9	3,888,842	3,486,060
Inventory	10	494,045	347,427
Financial assets	11	534,087	534,087
Total current assets		5,008,063	4,823,574
Non-current assets			
Investments	12	101	101
Property, plant and equipment	13	136,131	136,131
Intangible assets	14	2,105	2,105
Total non-current assets		138,337	138,337
Total assets		5,146,399	4,961,911
Current liabilities			
Trade and other payables	15	805,581	1,211,008
Provision for current tax		157,825	157,825
Borrowings	16	1,193,738	1,602,770
Total current liabilities		2,157,144	2,971,603
Non-current liabilities			
Tax and other related	17	228,378	228,378
Borrowings	18	638,788	420,903
Total non-current liabilities		867,166	649,281
Total liabilities		3,024,310	3,620,884
Net assets		2,122,090	1,341,027

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		30 Jun 2021 AU\$	31 Dec 2020 AU\$
	Note		
Equity			
Shares	19	29,548,450	29,548,450
Share Premium		564,803	564,803
Merger reserve		(26,061,971)	(26,061,971)
Convertible notes	18(a)	857,270	(26,061,971)
Retained earnings	20	4,927,892	9,503,620
Current Year Earning	20	360,342	(4,575,728)
Foreign Exchange – Opening		(80,855)	(80,855)
Foreign Exchange – For the Year		-	-
Asset Reserve		(7,993,841)	(8,414,563)
Total equity and reserves		2,279,090	1,341,027

These financial statements were approved and authorised for release by the Directors on 28 October 2021 and are signed on its behalf by:



S St Ledger
Managing Director

Company registration number: 07905640

RAPID NUTRITION PLC

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

	Ordinary Share Capital	Share Premium	Merger Reserve	Convertible notes	Retained Earnings	Asset Reserve	Foreign Exchange	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2019	29,503,701	193,023	(26,061,971)	634,416	9,503,620	(2,085,316)	(80,855)	11,606,619
Comprehensive Income								
Ordinary Share Capital, net of transaction costs	44,749	371,780						416,529
Loss for the period					(4,575,728)			(4,575,728)
Transferred to equity				222,854				222,854
Asset Reserve						(6,329,247)		(6,329,247)
Balance as at 31 Dec 2020	29,548,450	564,803	(26,061,971)	857,270	4,927,892	(8,414,563)	(80,855)	1,341,027
Ordinary Share Capital, net of transaction costs								
Loss for the period					360,342			322,392
Transferred to equity								
Asset Reserve						420,722		615,672
Foreign Exchange							-	-
Balance as at 30 June 2021	29,548,450	564,803	(26,061,971)	857,270	5,250,284	(7,993,841)	(80,855)	2,279,090

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30 JUNE 2021

	Note	30 Jun 2021 AU\$	Period from 1 July 2019 to 31 Dec 2020 AU\$
Cash flows from operating activities			
Receipts from customers		1,002,963	4,014,871
Payments to suppliers and employees		(1,176,726)	(3,959,443)
Interest paid			(282,502)
Net cash used by operating activities	23	(173,764)	(227,075)
Cash flows from investing activities			
Purchase of plant and equipment		0	(5,797)
Net cash used by investing activities		0	(5,797)
Cash flows from financing activities			
Proceeds from issue of shares			416,530
Lease liability payments			(199,596)
Proceeds from related party borrowings		(191,148)	228,363
Net cash used by financing activities		(191,148)	445,296
Increase/(decrease)in cash and cash equivalents		(364,911)	212,424
Cash and cash equivalents at the beginning of the period		456,000	243,576
Cash and cash equivalents at the end of the period	8	91,089	456,000

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC FOR THE PERIOD ENDED 30 JUNE 2021

The consolidated financial statements and notes represent those of Rapid Nutrition PLC ('the Company') and its subsidiaries ('the consolidated group' or 'group'), for the period under review to 30 June 2021.

1. General Information

The information for the period ended 30 June 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, drew attention to the Group's going concern status by way of emphasis, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

1.1 Accounting Policy

Basis of preparation

The statutory financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due may be dependent on settlement of substantial receivable balances, funding via equity and debt, continued support of shareholders through short term loans, and successful realisation of revenue growth via the company's plans for successful launch of company's new product lines. On this basis, the Directors believe there are sufficient funds to meet the Group's working capital requirements going forward.

The company's cash position has strengthened post 30 June 2021 due to trade receivables being received.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Changes in accounting policy

For the current, interim financial period, the Group has noted no amendments to International Accounting Standards that will be effective for the first time. As such, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest statutory audited financial statements. Except as disclosed in the previous audited financial statements, on the 28 May 2020 the change in the annual accounting reference period ending 30 June 2020 was extended as to end on 31 December 2020. As a result, the amounts presented in these interim financial statements are not entirely comparable. Subsequent periods will end on the same date and month in future reporting periods.

Functional and presentation currency

An entity's functional currency is the currency of the primary economic environment in which it operates. Due to the importance of Australia as the group's base of operations, which includes but not limited to payroll, insurance, funding raised, majority of cost of sale are incurred and where the board and senior management are based, the directors of the group view Australian Dollars as the group's functional currency. The Group uses Australian bank accounts and all dealings and commercial contracts are through the Australian company.

The financial information in this consolidated interim financial statements are in Australian dollars.

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC FOR THE PERIOD ENDED 30 JUNE 2021

2. Revenue

	30 June 2021	31 Dec 2020
	\$	\$
Direct Sales	1,293,491	1,974,383
Government Grant	111,873	44,000
Interest Income	382	389
	<u>1,405,746</u>	<u>2,018,772</u>

3. Financial assets – group and parent company

Financial assets measured at fair value through profit or loss

Financial assets held for trading:

- Investments in equity instruments

	30 June 2021	31 Dec 2020
	\$	\$
Motivate Health Technologies, Inc.	<u>534,087</u>	<u>534,087</u>

Shares held for trading are traded for the purpose of profit taking. Changes in fair value are included in the statement of profit or loss and other comprehensive income. The Company received an independent assessment of fair value of its minority investment in Motivate Health Technologies Inc (“MHT”) as at 31st December 2020. The valuation was undertaken on a going concern basis by independent assessor, BSP Strategic Pty Ltd, a certified business valuation firm. The group has decided to write down its minority stake. Calculation of the value for the business and equity were prepared on a Market-based approach. The Company holds a 13.9% minority shareholding in Motivate Health Technologies, Inc. (4,450,000 out of 32,035,742 shares). Refer ‘note 6. Subsequent Events’ for further information.

Reconciliation of year-end balance:

Unrealised gains:	\$
- Brought forward	<u>534,087</u>
- Loss to 30 June 2021	
Foreign exchange Gain	
Value at period end	<u>534,087</u>

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC FOR THE PERIOD ENDED 30 JUNE 2021

4. Investments

- Adopted classification under IFRS 9

	30 June 2021	31 Dec 2020
	\$	\$
Investment in Vibe Life	100	100
Investment in Streamcast Marketing LLC	-	-
	100	100

As part of the group's long-term vision, and change of business model, and under the guidance from BSP Strategic Pty Ltd, an independent certified business valuation firm, the group has decided to write off its minority stake (19% holding) in Streamcast Marketing LLC ("SCM"). Calculations of the value of the business and equity were previously prepared on a Discounted Cash Flow basis at fair value, however in view of the continued Covid-19 environment SCM is difficult to value on a going concern basis and therefore the board has concluded that writing down the investment by applying IAS 36, 'Impairment of Assets' within the scope of IFRS 9, is the most appropriate

5. Earnings per share

The following reflects earnings and share data used in the earnings per share calculation.

	30 June 2021	31 Dec 2020
	\$	\$
(Loss)/Profit for the period	360,342	825,221
Number of shares	38,849,541	38,849,541

There were convertible instruments in issue as at 30 June 2021 that if converted in full would result in the allotment of 3,226,555 ordinary shares, calculated pursuant to the terms of the convertible instruments, resulting in a shareholding of 8.3%, which could potentially dilute earnings per share in the future.

6. Subsequent Events

On the 3rd of August 2021, the company announced it has recently completed a cashless transaction allowing Rapid Nutrition to receive back about 1.4 million shares from a major shareholder, Motivate Technologies, inc. ("MHT"). In return, Rapid Nutrition will relinquish its shares held in MHT, which were difficult to value based on the pandemic's impact and as a result the Company had written down the value of its financial assets in MHT on its balance sheet, as disclosed in the company's most recent annual report. The transaction enables Rapid Nutrition to receive back 100 percent of its initial investment in MHT and has no impact on Rapid Nutrition's underlying core business.

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC FOR THE PERIOD ENDED 30 JUNE 2021

Dear Shareholders,

[Rapid Nutrition PLC](#) (Euronext Growth: [ALRPD](#), OTCQB: [RPNRF](#)), a natural wellness company focused on organic wholefood-based nutrition and science-based herbal products, announced the following trading update for the period ended 30 June 2021.

Strategic Priorities

Rapid Nutrition will apply the right balance between delivering sustainable growth while firming up its balance sheet with a focused consolidation strategy. The strategy focuses on the successful execution of several key initiatives for the group:

- 1. Continued expansion of its flagship brand into new markets as well as increasing its market share in current markets by diversifying its distribution channels to generate new growth.**
- 2. Leveraging unique manufacturing and partnership capabilities to optimize the supply chain by enhancing operational cost efficiencies.**
- 3. Product innovation, with a specific focus on in-demand formulas such as the company's patented herbal anti-viral formula to help boost the immune system.**
- 4. Attracting key opinion leaders and experts in their field to its growing team.**
- 5. Firming up the group's balance sheet with continued execution of the consolidation strategy.**
- 6. Proactively reducing its carbon footprint by enhancing its Corporate Social Responsibilities policy.**

Interim Financial Highlights

Financial highlights for the period to date include:

- In spite of groups Sydney based retail store being in temporary lockdown, revenue for the period reached \$1.4 million in line with expectations.
- Gross margin was \$1.1 million despite of one-off corporate listing costs during the period.

Interim 2021 Operational Highlights

Noteworthy Interim highlights for Rapid Nutrition for the period in review include:

- Continued growth of its e-commerce assets, notably, [system.com](#), [rapid-nutrition.com](#), Amazon as well its growing online influencer-base.
- Further expansion of the company's global distribution with new partnerships expected to be finalised this quarter with Ghana and South Korea.

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC FOR THE PERIOD ENDED 30 JUNE 2021

- Continued growth through the company's direct-to-consumer channels for its flagship brands by leveraging its own DTC channels as well as its key partners.
- Execution of the focused consolidation strategy by simplifying the group's balance sheet with the successful completion of a cashless transaction with MHT, resulting in receiving back 1.4 million Rapid Nutrition shares.
- Further support by second round investments from institutional investors.
- Continuing to attract highly experienced talent to its team with the appointment of Carl Seletz, who has led some of the world's largest retail players, to the Rapid Nutrition Advisory Board, as well as Dr David Hunter, ranked as the world's leading expert in osteoarthritis on expertscape.com. Dr. Hunter has researched the effects of obesity on joint pain, making him an ideal addition to the wellness company's board.
- Initiated preparations to launch a significant oral anti-viral prevention therapy designed to help relieve symptoms of colds and the flu, which was granted an Innovation Patent in 2016.
- Successfully listed on Euronext Paris stock exchange in the Growth segment.
- Annual General Meeting was held in May where all resolutions were passed

Management Commentary

Despite the ongoing impact of the pandemic with restrictions across the globe, revenues for the period have performed broadly in line with expectations and Rapid Nutrition expects to see continued momentum in the second half of the year as retail channels build and return to normal as restrictions ease.

With further growth anticipated for the remainder of the year as the groups retail store comes out of lockdown and as the company progresses its strategy of bringing to market innovative science-based organic products across multiple categories to anchor future earnings by continuing to expand its global distribution, partnerships and direct-to-consumer e-commerce channels which continue to see ongoing demand for health, wellness and immunity products remaining in response to the global pandemic.

The group has been able to adapt during lockdown orders to optimize online direct-to-consumer channels to sustain revenue, while manage its supply chain.

The senior leadership team and the Rapid Nutrition board have been working diligently to continually create shareholder value by increasing visibility and viability. Rapid Nutrition continues to invest heavily in its team, intellectual property and product offerings, particularly in the cold and flu category and the rapidly growing vegan category.

Moreover, Rapid Nutrition is well-positioned within the industry, with further growth anticipated for the remainder of the year as the group progresses its strategy, where demand for health supplements is likely to remain at an all-time high with consumers more mindful than ever of the importance of health, wellness and immunity.

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC FOR THE PERIOD ENDED 30 JUNE 2021

“In reality, the most exciting aspect of these results is the potential for even more growth. As we continue to scale our global distribution model, management and product influencer team and IP in trending categories, we anticipate increased product demand and global reach,” Rapid Nutrition CEO Simon St. Ledger said. “We believe our innovative, science-based organic products will anchor future earnings as we anticipate more growth to come this year.”

Directors’ responsibilities

The names and functions of the Directors of the Company are as follows:

Simon St Ledger	Chief Executive Officer
Shayne Kellow	Non-Executive Director
Vesta Vanderbeken	Non-Executive Director
Michael Zhu	Chief Financial Officer

The Board confirms that to the best of its knowledge the condensed set of financial statements gives a true and fair view of the assets and liabilities, financial position and profit of the Group. The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority. As disclosed in note 2, the statutory financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, as adopted by the European Union.

Thank you for your time and support.



Sincerely,
Simon St. Ledger
Director

About Rapid Nutrition

Dedicated to the development and distribution of premium, science-based health and wellness brands across the globe, Rapid Nutrition shares a wealth of award-winning products with consumers who are passionate about innovations that are “made by nature, refined by science.” Rapid Nutrition’s first-class scientific team matches the experience of its management team to keep both the company and consumers on top of the latest industry trends and developments, while aligning with industry leaders worldwide to deliver effective supplements and solutions.



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