

RAPID NUTRITION PLC
INTERIM FINANCIAL STATEMENTS
31 Dec 2019

RAPID NUTRITION PLC

RESPONSIBILITY STATEMENT AS AT 31 DECEMBER 2019

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 31 December 2019 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

29th March 2020

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD END 31 DECEMBER 2019

	Note	31-Dec-19	31-Dec-18
Income			
Revenue	4	1,780,000	780,339
Total Income		1,780,000	780,339
Less Cost of Sales			
Opening Stock			0
Direct costs		-765,808	-274,634
Closing Stock			
Total Cost of Sales		-765,808	-274,634
Gross Profit / (Loss)		1,014,192	505,706
Less Operating Expenses			
Administrative expenses		609,780	323,880
Total Operating Expenses		609,780	323,880
Operating Profit / (Loss)		404,412	181,825
Unrealised gain of financial assets		-	-
Foreign Currency Gains / (Losses)		-	-
Net Profit / (Loss) for the period		404,412	181,825
Tax Expenses		0	0
Net Profit/(loss) for the period attributable to member of the company		404,412	181,825
Other comprehensive income		0	0
Total comprehensive income for the period attributable to member of the company		404,412	181,825
Basic & Diluted earnings per share	5	0.01	0.01

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD END 31 DECEMBER 2019

	Note	31-Dec-19	30-Jun-19
Assets			
Current Assets			
Cash and cash equivalents		88,846	243,576
Trade and other receivables		3,570,184	2,789,950
Prepayment		0	-
Inventory		209,199	245,804
Financial Assets	6	5,951,435	5,951,435
Other Asset		51,056	-
Loans		0	-
Total Current Assets		9,870,720	9,230,765
Non-current Assets			
Investments	7	6,336,643	6,329,347
Property, plant and equipment		2,890	1,800
Intangible Assets		2,105	2,105
Total Non-current Assets		6,341,639	6,333,252
Total Assets		16,212,359	15,564,017
Liabilities			
Current Liabilities			
Trade and other payables		544,597	1,718,114
Borrowings - C		1,216,015	1,172,346
Other Payables		0	-
Total Current Liabilities		1,760,612	2,890,460
Non-Current Liabilities			
Tax and other related		995,407	296,014
Borrowings - NC		1,831,725	1,405,341
Deposit		0	-
Total Non-Current Liabilities		2,827,132	1,701,355
Total Liabilities		4,587,744	4,591,815
Net Assets		11,624,616	10,972,202

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD END 31 DECEMBER 2019

Equity		
Shares	29,503,700	29,503,701
Share Premium	193,022	193,022
Merger Reserve	-26,061,040	-26,061,971
Asset Revaluation Reserve	-1,837,312	-2,085,316
Foreign Exchange Reserve	-80,855	-80,855
Retained Earnings	9,908,032	8,962,496
Total Equity	11,624,616	10,972,201

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.

All tax expenses are calculated on an annual basis in the full year audited report, no provision is accrued in this interim report.

All unrealised gains/losses in the Groups financial assets and foreign currency are calculated on an annual basis in the full year audited report.

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

These financial statements were approved and authorised for release by the Directors on the 29th March, 2020 and are signed on its behalf by:



Simon St Ledger
Director

Company registration number: 07905640

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Ordinary Share Capital	Share Premium	Merger Reserve	Retained Earnings	Total Equity
		\$		\$	\$	\$
Opening balance						
Comprehensive Income						
Ordinary Shares		2,007,233				2,007,233
Other Reserve					6,609,196	6,609,196
Profit for the year			-	-	728,253	728,253
Total comprehensive income for the year		2,007,233	-	-		9,344,682
Balance as at 30 June 2019		29,091,609	193,023	(26,061,971)	7,337,449	10,972,201
Comprehensive Income						
Other Reserve						
Profit for the year			-	-	248,004	248,004
Total comprehensive income for the year		-	-	-	404,412	404,412
Balance as at 31 December 2019		29,091,609	193,023	(26,061,971)	7,989,865	11,624,616

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19	31-Dec-18
		\$	\$
Cash flows from operating activities			
Receipts from customers		999,765	700,640
Payments to suppliers and employees		-1,963,095	-846,803
Cash receipts from other operating activities		0	0
Cash payments from other operating activities		0	0
Net cash used by operating activities		-963,330	-146,163
Cash flows from investing activities			
Purchase of plant and equipment		-1,090	-872
Payments for intangibles		0	0
Other cash items from investing activities			
Net cash used by investing activities		-1,090	-872
Cash flows from financing activities			
Proceeds from issue of shares		0	0
Costs of issue of shares		0	0
Proceeds from borrowings		0	0
Proceeds from related party borrowings		809,692	191,354
Payment for Finance Lease		0	0
Loans advanced		0	0
Other cash items from financing activities		0	0
Net cash used by financing activities		809,692	191,354
Increase/(decrease)in cash and cash equivalents		-154,728	44,318
Cash and cash equivalents at the beginning of the period		243,576	220,221
Cash and cash equivalents at the end of the period		88,846	264,539

RAPID NUTRITION PLC

MANAGEMENT REVIEW REPORT THE

MEMBERS OF RAPID NUTRITION PLC

AS AT 31 DECEMBER 2019

The consolidated financial statements and notes represent those of Rapid Nutrition PLC and its subsidiary (“the consolidated group” or “group”), for the year to 31 December 2019.

1. General Information

The information for the period ended 31 December 2019 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.

2. Accounting Policy

Basis of preparation

The statutory financial statements of Group plc 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 31 December 2019 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 below policy update on presentation of currency:

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
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AS AT 31 DECEMBER 2019

4. Revenue

	Period from 1 July 2019 to 31 December 2019	Period from 1 July 2018 to 30 June 2019
Distributor/Direct Sales	1,780,000	780,339
Licensing Fee/Other		
Total Revenue	1,780,000	780,339

5. Earnings per share

The following reflects earning and share data used in thee earnings per share calculation

	Period from 1 July 2019 to 31 December 2019	Period from 1 July 2018 to 30 June 2019
Profit for the year	404,412	181,825
Weighted average number of shares	34,374,674	32,459,824

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6. Financial Asset

Financial assets measured at fair value through profit or loss

Financial assets held for trading:

- Investments in equity instruments held for trading

	Period from 1 July 2018 to 31 December 2019	Period from 1 July 2018 to 30 June 2019
Held for Trading Motivate Health Technologies Inc (Motivideo) Shares	5,951,435	6,123,659

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 as at 30th June 2019. The valuation was undertaken on a going concern basis. Calculation of the value for the business and equity were prepared on a Discounted Cash Flows basis. The Company holds a 13.9% minority shareholding in Motivate Health Technologies, Inc. (4,450,000 out of 32,035,742 shares). Foreign currency monetary assets at the reporting date are translated at the exchange rate existing at the reporting date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

Unrealized gains	-
Value to 31 December 2019	5,951,435
Value at Period end	5,951,435

7. Investment

	Period from 1 July 2019 to 31 December 2019	Period from 1 July 2018 to 30 June 2019
Investment in Streamcast Marketing LLC	6,336,542	8,289,562
Investment in Vibe Life Pty Ltd	100	100
Total	6,336,642	8,289,662

**RAPID NUTRITION PLC
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As part of the group's long-term vision, and change of business model, the group holds an equity position in the above companies to further support its marketing and distribution efforts in Australia, China and USA. The Company received an independent assessment of fair value of its 19% minority holding in Streamcast Marketing LLC as at 30th June 2019. The valuation was undertaken on a going concern basis. Calculation of the value for the business and equity were prepared in a Discounted Cash Flows basis. Foreign currency monetary assets at the reporting date are translated at the exchange rate existing at the reporting date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

**RAPID NUTRITION PLC
MANAGEMENT REVIEW REPORT THE
MEMBERS OF RAPID NUTRITION PLC
AS AT 31 DECEMBER 2019**

Dear Shareholders,

Rapid Nutrition, a natural healthcare company focused on the research and development, manufacture and distribution of weight-loss and diet management products, sports nutrition products, vitamins and dietary supplements, and a range of life science products, is pleased to announce its H1 results.

In unprecedented times, health is of the utmost importance and the Group is well positioned to leverage changing purchase patterns as a result of concerted efforts to expand its online presence. Health-related products have never been in higher demand and the Board firmly believes a significant behavioural shift is imminent as consumers become even more health-conscious.

The first half of the new financial year 2020 has begun strongly and trading is in line with the Company's expectations. In particular, the Group has delivered strong operational performance as recently announced on 14th January, with H1 revenues of \$1.78m (H1 FY2019: \$0.78m) in the period under review, and continues to progress its strategy of bringing to market new products, across multiple categories, which we believes will anchor future earnings.

Recent Operational Developments

Rapid Nutrition is pleased to announce recent highlights including:

- The Group's key partnerships and distribution agreements in numerous countries, notably the United States and Australia, which are continuing to develop this year
- The successful rollout of SystemLS™ across 500 GNC corporate stores and online (gnc.com)
- Sigma's rollout of the Group's product portfolio across 100 pharmacy stores
- The Group's rollout of its product portfolio through leading health food chain Mr Vitamins
- The successful completion of a non-brokered placement of EUR 240,000 led by Swiss Asset Manager, reaffirming the positive sentiment building in the institutional investor community, as well as the Group's ongoing commitment to building long-term shareholder value
- Last quarter's Annual General Meeting in Australia which saw overwhelming shareholder support, resulting in all resolutions being passed

The Group also continues to ensure that it is well positioned for the future:

- The Group continues to expand its global distribution footprint and has entered into discussions with innovative companies in key markets such as Switzerland, Brazil and Africa.
- The Group's Direct to Consumer channel through its partnership with Streamcast Marketing is anticipated to expand considerably this year with a major brand launch of SystemLS™ scheduled this quarter, aimed at driving additional revenues and increased margins in the second half of the financial year.

**RAPID NUTRITION PLC
MANAGEMENT REVIEW REPORT THE
MEMBERS OF RAPID NUTRITION PLC
AS AT 31 DECEMBER 2019**

- Rapid Nutrition’s global logistics partner Super Health Center (“SHC”) has presented the Group’s flagship brand to key retailers and distribution partners in the UK and the Middle East with in-market visits which have received uniformly positive responses and created expectations of additional incremental revenues for the Group in H2.
- As the Group’s product offering continues to expand with innovative formulas in popular categories such as CBD and Antiviral Immunity, it is also looking to expand into new distribution channels in Australia this quarter through high-end retailers, offering a true 360-degree marketing approach for its products across multiple platforms.

The Board believes there are significant opportunities to grow the business organically and through acquisitions. Our focus in FY2020 will be based around these initiatives to generate further growth over the long term. We expect the second half of the year to be disproportionately higher than in previous years given the phasing of our substantially wider distribution network and we remain confident that this will be a year of substantial growth across the business.

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