



Developed using only natural ingredients

nouurish
high-protein shake

chocolate decadence

- Next generation, scientifically developed formula
- Enriched with vital probiotics, omega 3's & spirulina
- Whole food based vitamins and minerals added

Net Wt. 580g

ANNUAL REPORT FY 2020

Company Registration Number 07905640

RAPID NUTRITION PLC

FINANCIAL STATEMENTS

For the period from 1 July 2019
to 31 December 2020

RAPID NUTRITION PLC

FINANCIAL STATEMENTS

For the period from 1 July 2019 to 31 December 2020

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RAPID NUTRITION PLC

CORPORATE DIRECTORY

For the period from 1 July 2019 to 31 December 2020

Directors	S St Ledger V Vanderbeken S Kellow
Company Secretary	Elemental CoSec Limited
Company registration number	07905640
Registered office	27 Old Gloucester Street London England WC1N 3AX
Auditor	Elderton Audit UK Level 2 267 St Georges Terrace Perth WA 6000 Australia
Domicile of the company	United Kingdom
Country of incorporation	England and Wales
Legal form of entity	Public Limited Company
Stock Exchange Codes	RAP, RPNRF

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their strategic report on Rapid Nutrition PLC (the “Company”) and its controlled entity (hereafter the “Group” or “Rapid Nutrition”) for the months period ended 31 December 2020.

Principal activity

Rapid Nutrition is a natural healthcare company 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. Rapid Nutrition aims to be the supplier of choice globally by offering premium brands with the highest-quality ingredients to deliver maximum results. For more information, please visit <http://rnplc.com>

The Company was established on the back of its successful and proven weight loss supplement range which is exported multiple markets around the world, and now offers consumers a growing range of health and wellbeing solutions to meet existing and emerging health issues and concerns, as well as a providing number of wider services to the life sciences industry.

Financial Highlights (AUD)

	31 Dec 2020 ¹ FY2020	30 June 2020 ² Interim	30 June 2019 FY
Revenue	\$4,552,170	\$3,375,668	\$3,104,879
Gross profit	\$2,379,175	\$2,455,429	\$2,053,041

- Revenue for the period reached \$4,552 million, compared to Interim 2020 period-end \$3,375 million and FY 2019 period-end \$3,104 million respectively.
- Gross profit was \$2,379 million (FY2020), compared to \$2,455 million (Interim 2020) and \$2,053 million (FY2019), due to new distribution agreements secured during the period requiring initial marketing support with continued growth anticipated for this year as the company progresses its strategy of bringing to market innovative science-based organic products across multiple categories to anchor future earnings.

The Group's long-term objective is to build a vertically integrated company with a unique position in the life sciences and nutraceutical space. The Directors believe that this strategy enables the Group to impose superior standards of quality control for its products, to strengthen its value chain, and to scale up to optimum business efficacy.

¹ For the period 1 July 2019 to 31 December 2020

² 30 June 2020 interim figures show the comparable period for 30 June 2019

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Key pillars of Rapids growth strategy are:

- I. **Expand distribution** into neighbouring countries where the Company is not already present. UK, Europe, Australia, and US are focus markets for 2021.
- II. **Product innovation and extension** - to leverage successful flagship brands Leisa's Secret® and SystemLS™. Rapid has formulated a new treatment that may aid or assist symptoms of cold and flu in order to capture new markets, other new products in development are under development.
- III. **Synergistic acquisitions** the Company will explore acquisitions of assets that produce sound cash flow or are complementary to the Company's operations.

2020 Financial Highlights

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

- Further expansion of the company's global distribution with new partnerships in Brazil, France, Italy, Switzerland, Jamaica and the Caribbean Community (CARICOM). In particular, a new partnership with Cloud 9 Switzerland LLC will support widespread distribution of flagship brand, SystemLS™, as well as a new partnership with professional retail operator BFG Brazil Comercial de Vitaminas (subject to change pending Covid-19 situation in this market).
- Profit for the period is lower compared to FY2019, largely due to the new distribution agreements secured during the period requiring initial marketing support resulting in increased expenses incurred for the period.
- Notable growth through the company's direct-to-consumer channels for its flagship brands, with its recent Amazon store addition, as more consumers seek organic health and wellness products and services. This model will be scaled throughout the UK and Europe in the 2021.
- Employment of Australia's "job keeper program" and Covid-19 relief package to support its Sydney retail location and retain key personnel during a difficult year for retail. Furthermore, the group implemented a Covid-19 safety plan and was officially registered as a COVID Safe business.
- Expansion of the company's ecommerce channel and online partnerships worldwide as well as preparations for a new corporate website.
- Furthered 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.
- Awarded an Innovation Connections Grant from the Australian Government to support development of its cold and flu therapy. The company was also accepted into the touted Entrepreneurs Programme, which shares expert advice, funding and incentives to help businesses innovate, compete and grow.

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- The group incorporated Rapid Nutrition Science, which will house the intellectual property for the herbal anti-viral and focus on in-house development of cutting-edge natural science formulas. This will provide the Group with an exclusive worldwide licensing deal in a category which is expected to witness meaningful growth. The company also strengthened its management team with key hires with expertise in life sciences.
- Bolstering the company's balance sheet with recent institutional investment to provide greater capitalization for 2021, while at the same time the Company has written down the value of its financial asset Motivate Health Technologies, Inc. (refer Note. 11 – Financial Assets) and its investment in 'Streamcast Marketing LLC' (refer note. 12 - Investments), both being difficult to assess in view of the continued Covid-19 environment.

Management Commentary

Despite a difficult year for retail and a wealth of uncertainty in global markets, Rapid Nutrition evolved with innovation and insight to deliver impressive period-end results for 2020, with an eye ahead towards 2021 expansion.

With proof that we are able to not only survive but also thrive during unprecedented conditions, our team looks forward to further growth as health and wellness remain top of mind in 2021. Management is grateful to the strength and poise showcased by our entire team and board this year, which helped Rapid Nutrition grow and continue to look ahead during these challenging times.

With a focus on delivering shareholder value and transparency, Rapid Nutrition's leadership team and board of directors continue to focus on multi-channel delivery, intellectual property and global growth, chiefly in the cold and flu category and the rapidly growing vegan market. In the year to come, Rapid Nutrition will also extend marketing initiatives into retail stores as they continue to reopen while maintaining focus on its successful direct-to-consumer initiatives.

2020 reminded everyone how important good health is to quality of life, and we are proud to be a trusted partner in delivering the best in health and wellness products. We know the best is yet to come.

With continued expansion into key markets across the globe, the company anticipates organic growth through its organic products, spearheaded by science-driven product innovation in 2021 and beyond.

RAPID NUTRITION PLC

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The Year In Review

Simon St Ledger, Executive Chairman said:

Introduction

2020 was a year to remember—as well as one that many would probably rather forget—for everyone. At Rapid Nutrition, the year saw its fair share of highs and lows along with the world at large. While every company across the globe was impacted by the pandemic in some shape or form, Rapid Nutrition is fortunate to sit in the health and wellness life science sector, which saw growth due to consumers' increasing focus on seeking and maintaining good health.

On behalf of Rapid Nutrition's Board of Directors, I would like to thank our dedicated, diligent team who responded and quickly adapted to the global challenges with creativity, decisiveness and inspiration. Our international team has been and will be critical to our overall growth and success.

As with most companies, the theme of the year is how we responded to Covid-19, pivoting and evolving in the face of the unknown with an ongoing dedication to sharing health and wellness products and information with consumers and partners across the globe.

Operation Review

While our brands have flourished in the past year with meaningful interest in health and immunity, the B2B component of our business has been impacted to a certain extent by retailers that have been forced to close due to multiple lockdowns or markedly alter their operations in the wake of the pandemic. Likewise, our retail store in Sydney, located in a one-time Covid-19 hot spot, saw a significant decline in sales during the period.

Fortunately, our business model is not focused on retail and Australia in particular has handled the pandemic exceptionally well while our management team has put in place stringent distancing and cleaning protocols. We have also taken advantage of the governments 'job keeper program' designed to mitigate the impact of Covid-19 in order to retain key staff during this period as well as the Covid relief package to maintain our store lease. We remain incredibly proud of our management and staff—during challenging and changing times, they continue to show up and show a clear sense of enthusiasm and passion for health and wellness.

With more direct-to-consumer channels for flagship brands, our supply chain has functioned without interruption over the past year; Rapid Nutrition has always used a variety of contract manufacturers to mitigate risk in meeting demand, which proved especially fruitful this year.

Rapid Nutrition has written down certain assets due to the impact of the pandemic, however in our opinion, this had no impact on the underlying core business and is rather the decision of the board to reflect these assets onto our balance sheet accordingly. The group holds shares in Motivate Health Technologies, Inc ("MHT") and Streamcast Marketing LLC ("SCM"). MHT offers unique Intellectual Property for the group with exciting potential, however, to place a value on this during such uncertain times is difficult and therefore the board believes writing down the value of MHT to the assets only is more appropriate. Furthermore, SCM was to support the group's online marketing efforts primarily in the United States. As Covid-19 has severely interrupted its services, Rapid Nutrition management made

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a decisive move to engage an established team in the United States to drive the advertising of its brands across the country and write off the SCM assets on its balance sheet.

Business Strategy

Prior to the pandemic, Rapid Nutrition announced its established ecommerce channel, expanding online partnerships and online business worldwide. While this channel was already growing, current conditions that have spurred more online shopping continue to magnify interest in ecommerce. Additionally, the Covid-19 pandemic also sparked increased purchasing in health and wellness categories as consumers focused more resources on developing a strong immune system.

In particular, the company announced a new partnership to distribute its flagship brand, SystemLS™, throughout Brazil, partnering with professional retail operator BFG Brazil Comercial de Vitaminas LTDA to further develop international growth. Brazil, in particular, has been negatively impacted by the pandemic, although plans remain in place for future growth in this area.

Rapid Nutrition further expanded its global distribution through a new partnership with Cloud 9 Switzerland LLC. The agreement will support distribution of Rapid Nutrition's flagship brand, SystemLS™, throughout France, Italy, Switzerland, Jamaica and CARICOM. The partnership continues to progress well, with our opening order fulfilled in the last quarter of 2020.

Sustainability

The group is conscious of its Environmental, Social and Governance (**ESG**) and continues to adopt sustainable practices and create positive social impact. Our aim is to create sustainable growth through our brands, reduce costs and risks and build organisational capability in order to generate long-term value for our stakeholders.

Environmental matters

There are no environmental issues arising from the group's business that might affect the future strategic direction or results of our group.

Greenhouse Gas Emissions

The group's operations are in the sale of health and wellness products, in which greenhouse gas emissions are estimated to be negligible. Our company is aware that it needs to measure its operational carbon footprint to limit and control its environmental impact. However, it has not been practical to measure carbon footprint during this period, therefore the information is not included. In the future, Rapid Nutrition will solely measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

Energy & Carbon Report

The group believes that it consumed less than 40MWh during this period as a low energy user, therefore further energy and carbon information has not been disclosed.

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People

Rapid Nutrition's development 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.

We will continue to develop our teams to ensure we have the skills and leadership required to make the business an ongoing success.

Outlook for the period ahead

Going forward, Rapid Nutrition will increase focus on direct-to-consumer channels, Amazon, in particular, where the group went live with its store in January. We will then scale this model throughout the UK and Europe in the second quarter.

As the group continues to build on its strong operational presence and key distribution relationships, Rapid Nutrition maintains focus on increasing shareholder value. As part of our continued efforts to enhance communications with the investment community, we're excited to launch our new corporate website, which provides access to important information while maximizing corporate transparency and other valuable resources for investors, analysts, media and stakeholders.

We continue to believe there is a compelling fundamental investment case to be made to both current and prospective shareholders. This new website should serve as an invaluable resource to keep our shareholders well informed of our progress, and to increase market awareness for the Rapid Nutrition brand within the investment community. We believe the new website conveys the Rapid Nutrition story, our long-term strategic objective and strong value proposition, as we continue to work toward maximizing value for our shareholders

As announced in the last quarter of 2020, Rapid Nutrition made the decision to delist on the SIX Swiss Exchange to streamline efficiencies following limited after-market support and Swiss/EU challenges. SIX approved the delisting of the shares, which will take place on 23 July 2021. The last trading on SIX Swiss Exchange is scheduled for 22 July 2021. The board's priority is to ensure it maintains a listed venue where stakeholders and investors can trade. At present this is Six Swiss Exchange and OTQB. The company further bolstered its balance sheet by securing a second-round investment of \$300,000 from a Swiss family office in the fourth quarter and \$1,000,000 from a Swiss funder group in January, ensuring it is well-capitalized leading into 2021 and the ever-changing Covid-19 environment.

Additionally, Rapid Nutrition was awarded an Innovation Grant by the Australian government to further research into a new formula designed to prevent colds and flus and accepted into the touted Entrepreneurs Programme, which provides expert advice, funding and incentives to help businesses innovate, compete and grow. The anti-viral formula is the result of several years of research, including in-vitro testing, scholarship literature and clinical trials, with product launch anticipated for 2021. Rapid Nutrition further leverages government support through the Export Marketing Development Grant, which subsidizes up to fifty percent of marketing and export expenses for Australian companies.

While the ongoing impact of Covid-19 is uncertain, Rapid Nutrition is well-positioned to see further growth by ensuring a multi-channel approach within the health and wellness industry to ensure we

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mitigate risk and optimize sales of our premium brands. Continued expansion in key markets across the globe and continued focus on the expansion of science-driven product innovation will be hallmarks of the year to come.

Principal Risks and Uncertainties

The following are the principal risk factors that the Board believe could materially affect the Group's performance and prospects.

Regulatory Risk

If the regulations affecting our products change, the Group will need to quickly adapt its product formulations to ensure compliance and facilitate continuing sales. At this stage, because Australian regulators operate very stringent policies on all products, having passed the Australian test gives the Group a strong foundation to take its products into foreign markets and get local endorsement too; nevertheless, this has been recognised as a potential risk.

Liquidity Risk

This is the risk that the Group does not maintain sufficient liquidity risk headroom to ensure it can always meet its working capital requirements as they fall due. The Group manages this risk through careful cash management policies. To meet its short-term obligations, the Group has the support of several key shareholders who are willing to provide funds to the group on an as needed basis.

The Company is in its growth phase, revenues are low vs. costs. However, the Company has support from its shareholders for funding and is anticipating sales growth in the coming year to improve cashflow substantially. Furthermore, the Company has recently secured significant institutional investments to ensure it is well capitalised to support its forward initiatives. The Company continues to re-invest profits from its trading revenues to support organic expansion of its global distribution into neighboring markets where the Company is not already present. The Company is profitable and expects to have sufficient cashflow to enable organic growth to be sustained at current rates.

Foreign Exchange

The Group's main financial asset – shares held at fair value through the profit and loss – are denominated in US dollars, so the risk of any adverse movement in the foreign currency exchange rates is borne by the Group.

As at 31 December 2020, if the US dollar had strengthened/weakened by 5% against the Australian dollar with all other variables held constant, comprehensive income for the period and assets would have been adjusted higher/lower, as a result of foreign exchange gains/losses on transaction of the financial asset.

Pandemic Risk / COVID-19

The Group is exposed to the impact of the recent outbreak of COVID-19 and the risks relating to measures imposed by national governments to control the outbreak. The Group recognises the risk of a potential fall in revenue and profitability due to lower general economic activity.

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Brexit/Regulatory changes

Brexit remains an unknown quantity that could impact consumer confidence and suppress economic activity. Regulatory changes, whether or not connected to Brexit, could have an adverse impact upon

the Group. The Group monitors legislative and regulatory changes and alters its business practices where appropriate.

On-line Marketing/Technology shifts

The Group relies the various technology platforms to drive revenue through acquisition of new customers and the re-marketing to existing customers. The digital channel has become increasingly competitive with the major technology platforms moving to complex algorithms to determine bid costs. The Group recognises these shifts and is constantly reviewing bid costs in conjunction with using alternative avenues available in digital channel markets.

Loss of Key Personnel

An unforeseen loss of key personnel would be damaging to the Group and could result in the loss of key corporate knowledge. The Group has a continuity program in place to ensure that Directors would be able to minimise the disruption caused by the potential loss of key personnel.

Environmental Matters

There are no environmental issues arising from the Group's business that might affect the future strategic direction or results of our Group.

Employees

In line with *Companies Act 2006* requirements, we present the following breakdown of our employee structure:

<i>Role</i>	<i>Number of Men</i>	<i>Number of Women</i>
Directors	2	1
Senior Managers	2	2
Other Employees	1	3

The Group further contracts teams to service the Groups marketing, advertising, digital & IT as well as field sales teams.

Financial Review

Overview

The Group delivered a positive revenue performance against unprecedented trading conditions. This was driven by some good overall gains with solid growth in Australian sales which was expected due

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

to the reasonable success Australia has achieved managing COVID-19. The Group revenues grew 46% to \$4.552m for 2020 period-end³, which the accounting reference date was extend by 6 months

(FY2019 year-end: \$3.104m). Underlying operating profit before tax was reduced to a profit of \$0.295m (FY2019: \$1.019m profit) as a result of new market rollouts.

Gross profit increased by 15% to \$2.379m, in FY2020 as compared to FY2019 of \$2.053m. The demand and competition grew incrementally more competitive during the lockdown period and as a consequence bundling propositions had to be more competitive. The significant lack of more stable retail revenue over the last quarter also had a substantial impact.

Direct product costs expenditure was \$2.274m, 257% higher than the previous year (FY2019: \$0.883m) driven by new distribution contracts secured throughout the period and an extending accounting reference date. Furthermore, inventory was planned and ordered in line with pre- COVID budgeted activity. Online marketing expenditure increased throughout the period in order to capitalise on the direct-to-consumer ("DTC") channels, whilst there were on-going challenges with retail marketing support through the B2B channels, resulting in a lower advertising and gate fee spend in all major retailers as stores were either closed or on restricted trading during the peak period

The Company has taken a conservative approach to valuing its assets by writing down Motivate Health Technologies Inc down 91% to \$534,087 and Streamcast Marketing LLC down 100% to Nil, both being difficult to assess in view of the continued Covid-19 environment, however, this has had zero impact on the underlying business and is rather the decision of the board to reflect these assets onto our balance sheet accordingly.

Cash and net debt

The Group has preserved cash well during the pandemic and continues to manage external debt. Cash and equivalents balance were \$456,000 as at 31 December 2020 up from \$243,576 in the previous year. Trade and other payables decreased to \$1.21m (FY2019: \$1.71m) with Receivables increased to \$3.48m (FY2019: \$2.78m) largely due to the timing of recognising the receivables that are outside the reporting period, which a portion has been received post balance sheet close.

Taxation

The Group has unrecognised deferred tax assets in respect of reversal of unrealised gain recognised on financial assets of \$912,340 (2019: NIL). These have not been recognised on the basis that there is an uncertainty regarding the availability of sufficient future taxable profits due to the inherent uncertainties, such as the impact of COVID in the relevant jurisdictions, and therefore the assets will not be realisable.

Dividends

The Board has elected not to declare a dividend at this time.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above.

The Directors have prepared Group forecasts and projections, which show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities

³ For the period from 1 July 2019 to 31 December 2020

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as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report. At 31 Dec 2020, the Group had cash balances of \$456,000 up 187% compared to (2019: \$243,576). Furthermore, post balance sheet close the Group has entered into an agreement for the issuance and subscription of convertible notes up to USD\$1m with Nice & Green an independent Swiss investment strategy.

After making appropriate enquiries, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

By order of the board



Simon St Ledger
Managing Director
31 March 2021

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

The Directors present their annual report and financial statements and auditors report of the Group for the year ended 31 December 2020.

Directors

The Directors who served the Group during the period are as follows:

Mr Simon St Ledger
Mr Shayne Kellow
Ms Vesta Vanderbeken

All directors were in office for the entire period unless otherwise disclosed.

Simon St Ledger

Nationality: Australian

Simon St Ledger, Executive Director, Chairman and CEO, appointed 11 January 2012

Simon St. Ledger has been a personal trainer and dietary consultant, and an advisor to numerous health clubs and organisations. In the two decades that he has been in the industry, Simon St Ledger has amongst other things managed national fitness equipment suppliers and was chiefly responsible for the establishment of the Australian National Weight Loss Clinic.

Mr St Ledger was named a finalist for the 2012 Brisbane Young Entrepreneur Award. Simon St Ledger also made the Subsidiary worthy of the 2013 Premier of Queensland's Export Award in the Health and Biotechnology category. This recognition earned the Subsidiary a place in the national finals of the 51st Australian Government Export Awards, representing Queensland in the small business category.

Shayne Kellow

Nationality: Australian

Shayne Kellow, Non-Executive Director, appointed 13 October 2017

Shayne Kellow brings with him over twenty-five years of experience in institutional and business development, corporate finance and international sales. He has first-hand experience, establishing global distribution networks within the healthcare industry, in particular South-East Asia, Middle East and the Americas. Previous roles include Business Operations Manager of the Australian Business Development Centre, which involved mentoring and advising Business Startup for over 250 new businesses. He was the Founding Director of Elmore Oil, a successful healthcare company manufacturing and distributing natural lotions with therapeutic benefits to over 12 countries.

Vesta Vanderbeken

Nationality: Australian

Vesta Vanderbeken, Non-Executive Director, appointed 27 July 2018

Vesta Vanderbeken has had over two decades of investment banking and corporate finance experience across various industries, including diversified industrials, consumer services, infrastructure, power, utilities, telecommunications, entertainment and agriculture. Vesta has held senior roles in Investment, Institutional and Corporate Banking with the Australia and New Zealand Banking Group Limited, ANZ Investment Bank and worked on some of the largest institutional and project finance deals in Australia.

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Vesta has a Bachelor of Applied Economics degree from the University of South Australia, a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australia and completed studies in entrepreneurship at Stanford University.

Company Secretary

The following served as Company Secretary during the period:

Elemental Company Secretary Limited, London

The Company Secretary of the Company is Elemental Company Secretary Limited ("Elemental CoSec")
The Company Secretary's general responsibilities are:

- annual compliance services;
- support for the general meeting of the Company;
- drafting of the notice of general meeting;
- drafting of the proxy form, board minutes calling the meeting, chairman's script and ancillary documents;
- ad hoc advice on the proposed resolutions;
- attendance at the meeting in person or by telephone conference;
- drafting of the minutes of the meeting; and
- filing any relevant resolutions with Companies House.

Meetings of the Directors

During the year to 30 December 2020, the directors attended the following meetings of the board of directors.

	Meetings eligible to attend	Meetings attended
Simon St Ledger	10	10
Shayne Kellow	10	10
Vesta Vanderbeken	10	10

Review of the Business

Please refer to the Strategic Report for information on the Group, its strategic direction, this year's results, and plans for the future.

Business Model

The Group's business model is the development and distribution of premium, science-based health and wellness brands, with a focus on expanding its market share by providing innovative products to its customers that meet their needs and wants, while continuing to break into new geographical locations and thus making Rapid Nutrition a truly global business.

Branches outside the UK

The Group's registered office is in London, United Kingdom. Due to the impact of COVID-19, the Group does not utilize this office whilst the pandemic is ongoing. Offices are maintained in Australia.

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Environmental matters

There are no environmental issues arising from the Group's business that might affect the future strategic direction or results of our Group.

Greenhouse Gas Emissions

The Group's operations are in the sale of health and beauty products, in which greenhouse gas emissions are estimated to be negligible. The Group is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, it has not been practical to measure its carbon footprint during this period therefore the information is not included. In the future, the Group will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

Energy & Carbon Report

The Group believes that it consumes less than 40MWh during this period and a low energy user therefore further energy and carbon information has not been disclosed.

Social, Community & Human Rights issues

The Board are constantly monitoring the Group's social & community impact, both for its own staff and the wider community of end-users for its products. The Board are mindful of Human Rights issues in the jurisdictions it operates in and aims to maintain the highest standards of care and conduct in all its relations to ensure Rapid Nutrition exceeds any required standard in this area.

Suppliers

Our supplier relationships are an important part of being able to innovate and offer trusted value to customers. In 2020, we focused on improving our supply chain; an essential facet of our strategy and one that can only be driven forwards through continuing, close engagement with our suppliers.

Customers and Retailers

Ensuring the customer is at the heart of every decision is crucial to the Board's strategy. This year, we have focused on our customers by building our DTC offering and working hard to understand more about them. We engage directly with customers through social media and continue to spend time learning about what they want and how we can help them. We continue to build on our relationship with the retailers we work with and have found that COVID has presented a huge opportunity to work with them during this challenging time.

Dividends

At this stage of the Group's development, no dividends have been recommended. All monies generated by the Group's operations are to be retained for the future growth and development of the Group's offerings to market.

Research and Development

The Group undertakes a variety of research activities into potential new products and new formulations that could form part of their future offerings to customers. The Group classifies all such spending as research and expenses the costs accordingly.

It is the view of the directors at this stage that the Group is unable to confirm the potential flow of benefits from new products (other than the awarded innovations connections government grant disclosed on 10 June 2020) until they arrive to market. Given that, it is not possible to capitalise these

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AS AT 31 DECEMBER 2020

expenditures as development.

Financial Instruments

The Group holds shares in other companies, Motivate Health Technologies, Inc., Streamcast Marketing LLC (both have been written down as disclosed in the directors report and the annual financial statements according to IFRS accounting principles (refer Notes 11 & 12), Rapid Nutrition Asia Pty Ltd., Rapid Nutrition Australia Pty Ltd, Rapid Nutrition Canada Inc. and Rapid Nutrition Science Pty Ltd. Information regarding the Group's financial risk management objectives and policies, including exposure to market, credit and liquidity risks, are presented in Note 26 to these financial statements.

Capital Structure

At 31 December 2020, the ordinary share capital of Rapid Nutrition PLC consisted of 38,849,541 shares, with a nominal value of GBP 0.01 each. There are no restrictions on the transfer of securities in the Company, and no restrictions on voting rights.

Post Balance Sheet Events

On the 7th of January 2021, the company announced it has collectively placed convertible instruments to the value of USD\$333,983. Notably a convertible bond of USD300,000 led by Swiss Asset Manager

On the 24th of January 2021, the company's delisting application request during the last quarter was approved by SIX Exchange and final date of trading on the shares of Rapid Nutrition PLC on SIX Swiss Exchange. The delisting of the shares takes place on Friday, 23 July 2021. The last trading day on SIX Swiss Exchange is scheduled for Thursday, 22 July 2021. Rapid Nutrition PLC will delist its shares from SIX Swiss Exchange. The Company will continue to trade its shares on the OTCQB and intends to maintain some form of European listing for shareholders.

On the 26th of January 2021, the company announced it has entered into an agreement for the issuance and subscription of USD\$1,000,000 in convertible notes, each with a 12-month conversion period with Nice & Green an independent Swiss investment company. The financing will be used to accelerate the company's growth strategy.

Other than as disclosed above, the directors are not aware of any significant events since the end of the reporting period.

Corporate Governance

As envisaged by the UK Corporate Governance Code, which is not statutory law but a set of principles that represent good corporate governance practice and has been widely adopted by UK companies, the Board has established Audit, Remuneration, Nomination and Disclosure Committees.

Internal Controls

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The controls are appropriate for the Group in its current state. The Audit Committee consider each year if the current level of internal control is appropriate. On advice from the Audit Committee, the Board does not consider any additional independent verification of the system of internal control to be

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

required, based on the size of the Company and the Group, and the non-complex nature of both its management systems and financial structure.

The Group operates certain controls specifically relating to the production of consolidated financial information covering operational procedures, validation and review. The above procedures reflect the Group's commitment to ensuring it has policies in place that ensure high standards of integrity and transparency throughout its operations. Further, when these procedures detect unauthorised practises, the Group is committed to correction of such events.

The Group is committed to analysing its internal controls to make them more robust and further limit the risk of such incidents. The Board believes such action properly reflects the Group's commitment to financial discipline and integrity at all levels. The Board has reviewed the effectiveness of internal control systems in operation during the financial period through the processes set out above and no weaknesses or failings were identified.

Audit Committee: The Audit Committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will normally meet at least three times a year at the appropriate times in the reporting and audit cycle.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, together with requirements for quorum and notice procedure and the right to attend meetings. The responsibilities of the Audit Committee covered in the terms of reference are: external audit, internal audit, financial reporting and internal controls and risk management. The terms of reference also set out the authority of the committee to carry out its responsibilities. The Audit Committee's terms of reference require that it comprise two or more independent non-executive Directors, and at least one person who is to have significant, recent and relevant financial experience. The Audit Committee currently comprises two members being independent non-executive Director, and independent non-executive adviser. The committee is chaired by the non-executive director.

Remuneration Committee: The Remuneration and Nomination Committee has responsibility for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary.

The responsibilities of the Remuneration and Nomination Committee covered in its terms of reference include: review of the Board composition; appointing new Directors; reappointment and re-election of existing Directors; succession planning, taking into account the skills and expertise that will be needed on the Board in the future; reviewing time required from non-executive directors; determining membership of other Board committees; and ensuring external facilitation of the evaluation of the Board.

The Committee is further responsible for the determination of the terms and conditions of employment, remuneration and benefits of each of the Chairman, executive Directors, members of the executive and the company secretary, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management and the implementation of share option or other performance-related schemes. The Remuneration and Nomination Committee will meet at least twice a year.

The terms of reference of the Remuneration and Nomination Committee also cover such issues as membership and frequency of meetings, together with the requirements for quorum and notice procedure and the right to attend meetings. The responsibilities of the Remuneration and Nomination

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

Committee covered in its terms of reference are: determining and monitoring policy on and setting levels of remuneration; early termination, performance-related pay and pension arrangements; reporting and disclosure of remuneration policy; share schemes (including the annual level of awards); obtaining information on remuneration in other companies; and selecting, appointing and terminating remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Remuneration and Nomination Committee comprises 2 members; non-executive director and an independent non-executive adviser. The committee is chaired by non-executive adviser.

Disclosure Committee: The Disclosure Committee is responsible for, among other things, helping the Company make timely and accurate disclosure of all information that it is required to disclose under its legal and regulatory obligations. The Disclosure Committee will meet at such times as shall be necessary or appropriate.

The Disclosure Committee's terms of reference deal with such issues as membership and frequency of meetings, together with the requirements for quorum and notice procedure and the right to attend meetings. The responsibilities in the terms of reference of the Disclosure Committee relate to the following: determining the disclosure treatment of material information; identifying insider information; assisting in the design, implementation and periodic evaluation of disclosure controls and procedures; monitoring compliance with the Company's disclosure procedures and share dealing policies; resolving questions about the materiality of information; insider lists; reviewing announcements dealing with significant developments in the Company's business; and considering the requirements for announcements in case of rumors relating to the Company.

The Disclosure Committee comprises the non-executive Director, the independent non-executive corporate advisor and the independent non-executive advisor. The Committee is chaired by non-executive corporate advisor

Information relating to the Groups Corporate Governance Code can be viewed on the Company's website: *Search Path: www.mplc.com/corporate/governance/*

Diversity Policy

The Board is satisfied that it has the appropriate balance of skills, experience and expertise necessary, and will give due regard to diversity in the event of further changes to both its own membership and/or the membership of the senior management team.

Indemnification of Officers

Insurance premiums have been paid by the Company for director's and officers' liability in relation to the Group.

No indemnities have been given, during or since the end of the financial period, for any person who is or has been an officer or auditor of the consolidated auditor of the Group.

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the period.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

Director's Interests

At the period end date, the directors of the Company had the following interests in the shares of the Company, through both direct and indirect holdings:

<i>Director</i>	Shares Held on 1 July 2019 ¹	Shares acquired during year	Shares disposed during the year	Shares held on 31 Dec 2020
Simon St Ledger	6,115,050 ²	-	-	6,115,050
Shayne Kellow	272,022	-	-	272,022
Vesta Vanderbeken	-	100,000	-	100,000

¹ The number of Shares and/or the number of options refers to the number of Shares and/or the number of options held as of 31 December 2020.

² The 3,666,592 Shares are held by JBG Corp Pty Ltd, which is a company controlled by the wife of Simon St Ledger. 2,448,458 Shares are held directly by Simon St Ledger.

Remuneration Report (audited)

Policy & Practice

The Remuneration committee review the Executive and Non-Executive Director salaries and fees each year. Adjustments were made to reflect the comparative fees paid to a band of similar sized listed companies.

The Group operates on a strictly 'capital efficient' approach and therefore director's remuneration has been based on conservative market matching rates each year in order to act in the best interest of the Company during the Company's growth phase. As at 31 December 2020, outside of existing shareholdings, Executive Director Simon St ledger is entitled to performance components included in director's remuneration.

Simon St Ledger's employment terms, as formalized by board resolution and contract, dated 1st July 2019 which specifies a salary of AUD\$165, 000 per annum. A car allowance up to AUD\$1000 per month and the required Super/pension payments at 9.5% per annum. The director will also be entitled to an executive bonus which shall not exceed 10% of remuneration and determined at the sole discretion of the board.

Refer the Company's Corporate Governance Code for further details on the Remunerations Committee and its responsibilities.

Reference Search Path: www.rnplc.com/corporate/governance

Contracts

Directors' remuneration in its various forms was agreed by Board resolution, and where applicable reviewed each year and formalised by contracts, and these arrangements will continue until re-visited by either party. Thus, there has been no specification of termination benefits for directors at this time.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

Amount of emoluments & compensation

Directors' salaries have been agreed in Australian dollars. This means that, absent any increased salary or reward, the British pound value of director's remuneration will still fluctuate year on year due to exchange differences.

2020	<i>Salary (\$)</i>	<i>Superannuation (\$)</i>	<i>Consultancy Fees (\$)</i>	Total (\$)
Simon St Ledger ^{1 2}	273,500	26,006	-	299,506
Shayne Kellow ²	-	-	-	-
Vesta Vanderken ³	-	-	\$21,680	21,680

¹ – Simon St Ledger's employment terms, as formalized by board resolution and contract, dated 1st July 2019 which specifies a salary of \$165, 000 per annum. A car allowance up to \$1000 per month and the required Super/pension payments at 9.5% per annum. The director will also be entitled to an executive bonus which shall not exceed 10% of remuneration and determined at the sole discretion of the board.

² – Shayne Kellow has been provided with the use of a vehicle owned by the consolidated entity for their personal use. Mr Kellow's vehicle was acquired in a prior period for \$50,459

³ – Vesta Vanderbeken's was provided with relevant contract that has been executed prior to the appointment. The fee payable for carrying out her duties is an annual gross amount of GBP 12,000 (\$21,680).

2019	<i>Salary (\$)</i>	<i>Superannuation (\$)</i>	<i>Consultancy Fees (\$)</i>	Total (\$)
Simon St Ledger ¹	150,000	14,250	-	164,250
Shayne Kellow	-	-	-	-
Vesta Vanderbeken	-	-	16,281	16,281

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of \$150,000 per year. As of 30 June 2019, all salary owing is \$150,000

² – Vesta Vanderbeken was provided with relevant contract that has been executed prior to the appointment. The fee payable for carrying out her duties is an annual gross amount of GBP 12,000 (\$21,680).

Refer the Company's Corporate Governance Code for further details on the Remunerations Committee and its responsibilities. *Search Path: www.mplc.com/corporate/governance/*

The Committee is responsible for the determination of the terms and conditions of employment, remuneration and benefits of each of the Chairman, executive Directors, members of the executive and the company secretary, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management and the implementation of share option or other performance-related schemes.

Through the implementation of the Committee, the Board seeks to align the interests of Executive Directors and other senior management with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this Policy is the Company's commitment to long-term, performance-based incentivisation and the encouragement of share ownership, both of which are aligned to embedding an 'ownership mindset' within the Company's culture.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

The primary objective of the Policy is to promote the long-term success of the business by ensuring remuneration reflects business performance and personal contribution to the delivery of the Company's strategy in a way which creates long-term shareholder value.

The Committee seeks to ensure that:

- The Company will attract, motivate and retain individuals of the highest calibre;
- Executive Directors and senior management are rewarded in a fair and balanced way which promotes the long-term success of the Company;
- Executive Directors and senior management receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- The overall approach to remuneration has regard to the sector and geography within which the Company operates and the markets from which it draws its Executive Directors and senior management; and
- Risk is properly considered in setting the Policy and in determining remuneration packages.

The Group operates on a strictly 'capital efficient' approach and therefore director's remuneration has been based on conservative market matching rates in order to act in the best interest of the Company during the Company's growth phase.

The elements of the remuneration package for the Executive Directors and other senior management are annual salary, retirement benefits and allowances, employee annual bonus plan and participation in a share option scheme, which promotes the creation of sustainable shareholder value.

Salaries are reviewed annually. The factors taken into account in the review include:

- Role and experience;
- Company performance;
- Personal performance;
- Competitive market practice; and
- Benchmarking against an appropriate comparator group.

When setting executive director salaries, account is taken of movements in salaries generally across the Company.

The remuneration committee has undertaken a strategic review of the structure of director remuneration to ensure that the correct mix of fixed remuneration and performance-related incentives are provided, to maintain the Company's competitiveness in the corporate marketplace. There is an intent in the future to issue EMI share options to senior executives to ensure they too are incentivised in driving shareholder wealth.

A remuneration committee is in place to oversee this aspect of the Group's operations.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

Service Contracts

Executive Directors' remuneration in its various forms was historically agreed by the Executive Chairman and formalised by board minutes but is now overseen exclusively by the remuneration committee. All directors are provided with relevant contracts which have been executed prior to the appointment.

Mr St Ledger's contract is continuous, until terminated by either party. Mr St Ledger may terminate the contract by giving 6 months' notice in writing. The company may terminate by giving 12 months' notice in writing.

All other director's contracts are for a fixed term of 12 months from the date of their appointments and reviewed annually thereafter.

Reference Search Path: www.rnplc.com/corporate/governance

End of audited section.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 31 DECEMBER 2020

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year or period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' statement as to disclosure of information to the auditor

The Directors at the date of approval of this report confirm that:

- to the best of their knowledge and belief, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that that might reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

By order of the Board



S St Ledger
Managing Director
31 March 2021

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the Group's loss for the 18-month period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with applicable law and IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Whom we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

The financial report of Rapid Nutrition PLC for the period from 1 July 2019 to 31 December 2020, which comprises the following statements:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income,
- Consolidated Statement of Financial Position,
- Consolidated Statement of Changes in Equity,
- Consolidated Statement of Cash Flows,
- Parent Company Statement of Financial Position,
- Parent Company Statement of Changes in Equity, and
- All related notes to the above.

The financial reporting framework that has been applied in the preparation of the Group and parent company financial statements is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

Material uncertainty related to going concern

We draw attention to Note 1.2 to the financial report, which describes that the ability of the Group to continue as a going concern is dependent on being successful in raising additional funds through the equity issues to the market and successful realisation of revenue growth via their plans for successful launch of their new product lines. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Overview of Audit Approach

We identified the key audit risks to be revenue recognition.

We set materiality for the Group at 1.5% of revenue: \$68,300.

We performed full scope audit procedures over all Group entities.

Our Assessment of Risks of Material Misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

REVENUE RECOGNITION

Risk Description	<p>Rapid Nutrition, as a Group, generates revenues from sales and licensing of various health food and sports nutrition products, including the Leisa's Secret® and SystemLS™ lines.</p> <p>The method for recognising revenue varies depending on the type of sale being made:</p> <ul style="list-style-type: none">- <i>Retail sales</i> <p>These sales are recognised at the date the stock is segregated from other inventory, ready for collection or delivery in accordance with these customers terms of trade.</p> <ul style="list-style-type: none">- <i>Licensing sales</i> <p>These arrangements are established via contract, with clauses that specify what periods payments relate to, and subsequent royalty percentages payable by the licensee.</p> <p>There are risks around the timing of revenue recognition of retail product sales, particularly focused on the contractual terms of delivery and location of sale. In addition, due to the volume of transactions in the period, and the different types of revenue, we have identified revenue recognition as a key risk for our audit.</p> <p>The Group's revenue recognition policy is disclosed in note 1.5.</p>
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RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

How the scope of our audit responded to the risk

Our audit work assessed the design and implementation of controls over the recognition of revenue. We tested, in detail, a sample of completed orders around the period end date, with specific focus on recognition conditions for revenue.

We assessed the transfer of risk and reward to the customer by reviewing date transaction completion in the Group's financial records, and dates of stock segregation and dispatch for retail sales.

We evaluated the Group's contracts for licensing its products, with particular focus on the period the contracts were active for.

Key Observations: We noted no material instances of inappropriate revenue recognition arising in our testing.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of a misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work. We determined materiality for the Group financial statements as a whole to be \$68,300 which represents 1.5% of the Group's revenue for the period ended 31 December 2020.

This benchmark is considered the most appropriate because this is a key performance measure used by the Board of Directors to report to investors on the financial performance of the Group.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

We agreed with the Board that we would report all audit differences in excess of \$3,200, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

The Group is managed from Brisbane, Australia. Through our procedures, all Group entities were subjected to a comprehensive audit approach. Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- undertaking procedures to evaluate the Group's internal control environment, including IT systems and controls;
- we performed an evaluation of the design effectiveness of controls over key financial statement risk identified as part of our risk assessment, reviewed the accounts production process and performed certain transactional procedures for the first fifteen months of the period in advance of the period end;
- we undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks; and
- the scope of the current period audit has remained consistent with the scope of that of the prior year.

Opinion on Other Matters prescribed by the Companies Act 2006

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified. In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Responsibilities for the financial statements and the audit

What the Directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 18 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

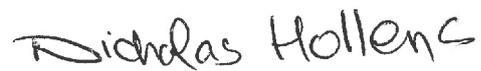
RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



NICHOLAS HOLLENS

Senior Statutory Auditor for and on behalf of Elderton Audit UK

Statutory Auditor, Chartered Accountants

Perth, Australia

31 March 2021

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 JULY 2019 to 31 DECEMBER 2020

	Note	Period from 1 July 2019 to 31 December 2020 AU\$	Year ended 30 June 2019 AU\$
Revenue	4	4,552,170	3,104,879
Cost of sales			
Opening inventory		(245,804)	(414,007)
Direct costs		(2,274,618)	(883,634)
Closing inventory		347,427	245,804
Gross profit		2,379,175	2,053,041
Provision for doubtful debts	9	(189,410)	-
Administrative expenses		(2,071,505)	(1,033,973)
Other operating income		177,704	-
Operating profit		295,964	1,019,068
Changes in fair value of financial assets	11	(5,452,630)	(172,224)
(Loss)/Profit before tax		(5,156,666)	846,844
Tax expense	7	580,938	(305,720)
(Loss)/Profit for the period attributable to members of the Company		(4,575,728)	541,124
Other comprehensive income			
Translation Gain/Loss		-	(194,088)
Changes in fair value of financial assets through other comprehensive income		(6,329,247)	(2,085,316)
Non-controlling interest		-	-
Total comprehensive income for the period attributable to members of the Company		(10,904,975)	(1,738,280)
Basic & diluted earnings per share	26	0.0076	0.04

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 Dec 20 AU\$	30 June 2019 AU\$
Current assets			
Cash and cash equivalents	8	456,000	243,576
Trade and other receivables	9	3,486,060	2,789,950
Inventory	10	347,427	245,804
Financial assets	11	534,087	5,951,435
Total current assets		4,823,574	9,230,765
Non-current assets			
Investments	12	101	6,329,347
Property, plant and equipment	13	136,131	1,800
Intangible assets	14	2,105	2,105
Total non-current assets		138,337	6,333,252
Total assets		4,961,911	15,564,017
Current liabilities			
Trade and other payables	15	1,211,008	1,718,114
Provision for current tax		157,825	-
Borrowings	16	1,602,770	1,172,346
Total current liabilities		2,971,603	2,890,459
Non-current liabilities			
Tax and other related	17	228,378	296,014
Borrowings	18	420,903	770,925
Total non-current liabilities		649,281	1,066,939
Total liabilities		3,620,884	3,957,398
Net assets		1,341,027	11,606,619

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		31 Dec 2020	30 June 2019
	Note	AU\$	AU\$
Equity			
Shares	19	29,548,450	29,503,701
Share Premium		564,803	193,022
Merger reserve		(26,061,971)	(26,061,971)
Convertible notes	18(a)	857,270	634,416
Retained earnings	20	9,503,620	8,962,496
Current Year Earning	20	(4,575,728)	541,124
Foreign Exchange – Opening		(80,855)	113,233
Foreign Exchange – For the Year		-	(194,088)
Asset Reserve		(8,414,563)	(2,085,316)
Total equity and reserves		1,341,027	11,606,619

These financial statements were approved and authorised for release by the Directors on 31 March 2021 and are signed on its behalf by:



S St Ledger
Managing Director

Company registration number: 07905640

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 JULY 2019 to 31 DECEMBER 2020

	Ordinary Share Capital	Share Premium	Merger Reserve	Convertible notes	Retained Earnings	Asset Reserve	Foreign Exchange	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018	29,091,609	193,023	(26,061,971)	-	8,962,496	-	113,233	12,298,390
Comprehensive Income								
Ordinary Share Capital, net of transaction costs	412,092							412,092
Profit for the year					541,124			541,124
Transferred to equity				634,416				634,416
Asset Reserve						(2,085,316)		(2,085,316)
Foreign Exchange							(194,088)	(194,088)
Balance as at 30 June 2019	29,503,701	193,023	(26,061,971)	634,416	9,503,620	(2,085,316)	(80,855)	11,606,619
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)
Foreign Exchange							-	-
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

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

	Note	31 Dec 20 AU\$ \$	30 June 2019 AU\$ \$
Cash flows from operating activities			
Receipts from customers		4,014,871	890,360
Payments to suppliers and employees		(3,959,443)	(2,011,820)
Interest paid		(282,502)	-
Net cash used by operating activities	23	(227,075)	(1,121,460)
Cash flows from investing activities			
Purchase of plant and equipment		(5,797)	-
Net cash used by investing activities		(5,797)	-
Cash flows from financing activities			
Proceeds from issue of shares		416,530	412,092
Lease liability payments		(199,596)	
Proceeds from related party borrowings		228,363	732,722
Net cash used by financing activities		445,296	1,144,814
Increase/(decrease)in cash and cash equivalents		212,424	23,355
Cash and cash equivalents at the beginning of the period		243,576	220,221
Cash and cash equivalents at the end of the period	8	456,000	243,576

RAPID NUTRITION PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		31-Dec-20	30-Jun-19
	Note	\$	\$
Statement of Financial Position			
<i>Current assets</i>			
Intercompany loan	20	646,112	566,480
Financial assets	11	534,087	5,951,435
Other assets		2,105	53,161
<i>Total current assets</i>		1,182,304	6,571,076
<i>Non-current assets</i>			
Total Assets		1,182,304	6,571,076
<i>Non-Current Liabilities</i>			
Deferred tax		228,378	967,141
<i>Convertible Note</i>		257,302	257,302
<i>Total non-current liabilities</i>		485,680	1,224,443
Total Liabilities		485,680	1,224,443
Net Assets		696,624	5,346,633
Issued Capital		29,548,450	29,406,291
Share Premium		564,803	193,022
Reserves		(2,993,275)	(2,993,275)
Accumulated Losses	20b	(27,816,602)	(21,259,405)
Total Equity		696,624	5,346,633

In accordance with section 408 of the UK Companies Act 2006, the Company is availing itself of the exemption from presenting its individual statement of profit or loss and other comprehensive income. The Company's loss for the financial period as determined in accordance with IFRS's is AUD \$6,557,197. The Company had no cashflow in the period, and therefore no cashflow statement has been prepared.

RAPID NUTRITION PLC

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the period from 1 JULY 2019 to 31 DECEMBER 2020

	Ordinary Share Capital \$	Share Premium \$	Foreign Exchange Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 30 June 2019	29,503,701	193,023	(2,993,275)	(21,259,405)	5,444,044
Comprehensive income					
Loss for the period	-	-		(6,557,197)	(6,557,197)
Share Issued	44,749	371,780			416,529
Foreign exchange difference	-	-	-	-	-
Balance as at 31 Dec 2020	29,548,450	564,803	(2,993,275)	(27,816,602)	696,624

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

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 from 1 July 2019 to 31 December 2020. The group extended its accounting reference date by 6 months (in accordance with IAS 1) to coincide with the calendar year in addition to avoiding a busy trading period as a result of the global pandemic in 2020. It should therefore be noted that the amounts presented in the financial statements are not entirely comparable.

1. Significant accounting policies

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are drawn up under the historical cost convention, except for the revaluation of financial assets.

IFRS, issued by the International Accounting Standards Board (IASB) set out accounting policies that the IASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) that are relevant to their operations and effective for the current year. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group and were adopted in the comparative reporting period.

IFRS 16 Leases

The group has adopted IFRS 16 from 1st July 2019. The standard has replaced IAS 17 'Leases' and for lessee eliminated the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company does not have any long-term lease

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

agreements (of over one year) therefore, the adoption of the new leases standard will not have a material impact.

Impact of adoption

IFRS 16 is adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as on 1st July 2019.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

IFRS 9 and IFRS 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2018.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

1.2 Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realization of assets, settlement of liabilities in the normal course of business and the group's ability continue to achieve sales revenue and the successful realisation of future revenue growth via their plans to expand their product lines and distribution partnerships.

The group has also established a trade finance facility and has secured additional institutional investment during the year to further support its forward contracts.

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.

For the period ended 31 December 2020, the Group had a cash balance of \$456,000 as at the reporting date while it incurred administration expenses during the extended period of \$2,260,915. The Directors believe there are sufficient funds to meet the Group's working capital requirements for the coming year.

The Directors also recognize in the current Covid-19 environment 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 the ability of the Group to secure additional funding through shareholder loans, entering into negotiations with third parties regarding the sale of assets of the Group, or successful realisation of revenue growth via their plans for successful launch of their new product lines. In consideration of this, the Group has secured recent total investments of USD\$333,983 and up to USD\$1m in convertible notes respectively as announced to the market in January 2021.

Should the Group not achieve the matters set out above, there is significant uncertainty whether the company and the group will continue as a going concern, and therefore whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

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.

1.3 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Rapid Nutrition PLC at the end of the reporting period. A controlled entity is any entity over which Rapid Nutrition PLC has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

In the company statement of financial position investment in subsidiaries is accounted for at the nominal value of the shares issued on acquisition.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

1.4 Foreign Currencies

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 headquarters and base of operations, the directors of the group view Australian Dollars as the group's functional 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 headquarters and 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 in accordance with IAS 21 accounting policy. The Group uses Australian bank accounts and all dealings and commercial contracts are through the Australian company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions.

Foreign currency monetary assets and liabilities 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.

1.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the control is transferred to the customer and/or services are performed by adopting IFRS 15. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

Distribution

The sale of the Group's products is effected through a distributorship model pursuant to which the Group enters into marketing and distribution license agreements with distributors.

The Group's growth strategy, which consists of three key factors – expanded distribution, increased product offerings and strengthened integration, is intended to build a vertically integrated company with a unique position in the biotechnology and nutraceutical space. The Directors believe that this strategy enables the Group to impose superior standards of quality control for its products, to strengthen its value chain, and to scale up to optimum business efficacy.

Sales of goods – wholesale

The group manufactures and sells a range of life science nutrition products in the retail market. Sales of goods are recognised when an order is executed and stock is segregated from the group's inventory, ready for collection in accordance with that customer's terms of trade.

The life science products are often sold with volume discounts; customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

Internet revenue

Revenue from the provision of the sale of goods on the internet is recognized as at the date that payment is received, because that is the point the buyer accepts legal responsibility for the good being sold. Transactions are settled by credit or payment card.

1.6 Finance income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1.7 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	30%
Motor vehicles	20%
Fixture, fittings and equipment	30%

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

1.8 Intangible Assets

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Once utilisation commences, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

1.9 Research and Development

Research costs are not viewed as separable from development costs. As such, all of these costs are expensed as incurred.

1.10 Financial Instruments

Financial assets and financial liabilities are recognised in the Group balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified as either fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Trade receivables

Trade receivables are non-interest bearing and are recognized initially at fair value, and subsequently at amortised cost using the effective interest rate method, less allowance for ECLs.

Investments

Debt instruments are classified at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the Group income statement. When the debt instrument is derecognised, cumulative amounts in other comprehensive income are reclassified to the Group income statement.

Equity investments have been irrevocably designated at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income and are not subsequently reclassified to the Group income statement, including on derecognition. Impairment losses are not recognised separately from other changes in fair value. Dividends are recognised in the Group income statement when the Group's right to receive payment is established.

Loans and advances to customers and banks

Loans and advances are initially recognised at fair value plus directly related transaction costs. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest method less any ECLs.

Impairment of financial assets

The Group assesses on a forward-looking basis the ECLs associated with its financial assets carried at amortised cost and debt instruments at fair value through other comprehensive income. The ECLs are updated at each reporting date to reflect changes in credit risk.

The three-stage model for impairment has been applied to loans and advances to customers and banks, debt

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

instruments at fair value through other comprehensive income, and loan receivables from joint ventures and associates. The credit risk is determined through modelling a range of possible outcomes for different loss scenarios, using reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions and taking into account the time value of money. A 12-month ECL is recognised, unless the credit risk on the financial asset increases significantly after initial recognition, when the lifetime ECL is recognised.

For trade and other receivables, contract assets and lease receivables, the Group applies the simplified approach permitted by IFRS 9 'Financial instruments', with lifetime ECLs recognized from initial recognition of the receivable. These assets are grouped, based on shared credit risk characteristics and days past due, with ECLs for each grouping determined based on the Group's historical credit loss experience, adjusted for factors specific to each receivable, general economic conditions and expected changes in forecast conditions.

Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Group income statement over the period of the borrowings on an effective interest basis.

Trade payables

Trade payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Group balance sheet when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.11 Leases

The Group undertakes an assessment of whether a contract is or contains a lease at its inception. The assessment establishes whether the Group obtains substantially all the economic benefits from the use of an asset and whether it has the right to direct its use. Low-value lease payments are recognised as an expense, on a straight-line basis over the lease term. For other leases the Group recognises both a right-of-use asset and a lease liability at the commencement date of a lease contract. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability adjusted for payments made at or before the commencement date, plus initial direct costs and an estimate of the cost of any obligation to refurbish the asset or site, less lease incentives. Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are adjusted for any remeasurement of the lease liability. Depreciation is calculated on a straight-line basis over the lower of the estimated useful life of the right-of-use asset and the period of the lease.

The lease term comprises the non-cancellable period of a lease, plus periods covered by an extension option, if it is reasonably certain to be exercised, and periods covered by a termination option if it is reasonably certain not to be exercised.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or if that rate cannot be easily determined the Group's incremental borrowing rate. Lease payments comprise payments of fixed principal less any lease incentives.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in the Group profit and loss account if the asset is fully depreciated.

1.12 Income Tax

Income tax is calculated using tax rates and laws that have been enacted or substantively enacted at the period-end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period-end date.

1.13 Post-Retirement Benefits

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Superannuation – the Australian defined contribution pension scheme – is mandated by Australian law and presently set at 9.5% of gross salary payable to an employee.

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

1.14 Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

1.15 Merger Reserves

The merger reserve account, shown within equity, relates to a historical acquisition by Rapid Nutrition PLC of Rapid Nutrition Pty Ltd. At the time of the acquisition, both entities were under common control and hence scoped out of IFRS accounting standards. The Directors chose to apply merger accounting from UK GAAP in this instance, leading to the creation of the merger reserve.

This balance effectively reduces the share capital value back to its value before the merger, as no increase in assets was achieved through the transaction.

1.16 Segment Reporting

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

1.17 Prior year restatement

Reclassification of convertible loan

During the period ended 31 December 2020, the directors identified that convertible notes that are meeting the IFRS 9 criteria to be identified as equity had been erroneously classified as financial liability in its 2019 financial statements amounting \$634,416. Hence, non-current liabilities were overstated, and the equity were understated with the same amount. Accordingly, this has been restated in the prior period to reflect correct presentation based on the characteristics of the contractual obligation.

The adjustments made to the accounts influenced the non-current borrowings decreased in the total amount of \$634,416 and equity increased in the total amount of \$634,416.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

2. Parent Information

Contingent Liabilities

At 31 December 2020, Rapid Nutrition PLC did not have any contingent liabilities.

Contractual Commitments

At 31 December 2020, Rapid Nutrition PLC had not entered into any contractual commitments for the acquisition of property, plant or equipment.

3. Operating Segments

Operating segments must be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The group's main reporting channels are its geographical distribution networks, hence the Board (the group's chief operating decision maker) believe that, at 31 December 2020, there were two main segments, with revenue (the financial variable they evaluate performance via) as follows:

Location	Revenue – period from 1 July 2019 to 31 Dec 2020	Revenue – year to 30 June 2019
		\$
Australia	3,206,232	840,886
USA	1,159,072	2,261,306
Rest of Europe	186,866	-
Total	4,552,170	3,102,192

The remainder of the group's position and performance are considered on a collective basis by the Board; hence the main financial statements are suitable for their analysis.

As a growth company, the Board's focus is brand expansion, of which they consider revenue their key driver.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

4. Revenue

	31 Dec 2020	30 June 2019
	\$	\$
Direct Sales	3,656,498	2,088,716
Royalty Income	872,315	1,972,756
Government Grant	22,000	85,441
Interest Income	1,357	133
	<u>4,552,170</u>	<u>3,104,879</u>

5. Operating profit

The following items have been included in arriving at the operating profit:

	31 Dec 2020	30 June 2019
	\$	\$
Gains on foreign exchange	-	(172,224)
<i>Expenses:</i>		
Depreciation on property, plant and equipment	214,670	
Directors' remuneration	273,750	150,000
Superannuation contributions (directors)	26,006	14,250
Directors' consulting fees	-	-
Auditor's remuneration		
- As auditors (for group and subsidiary)	25,000	-
- As tax agents (for tax compliance)	-	-
	<u> </u>	<u> </u>

All remuneration payable to the auditors has been disclosed above. No other non-audit services have been provided. No benefits in kind are payable to the auditors.

Contributions to superannuation (money purchase pension schemes) are made on behalf of one director of the group.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

6. Employees

	31 Dec 2020 \$	30 June 2019 \$
Staff costs for the group during the period:		
Wages and salaries	389,436	271,692
Other pension costs	34,555	25,623
	423,991	297,315

The average monthly number of staff (including executive Directors) employed by the group during the period amounted to:

	31 Dec 2020 \$	30 June 2019 \$
Management staff	11	3

The Company retains contract staff on a commission basis as needed. This enables rapid expansion of the Company's presence on the ground in new markets, to establish the sales network and facilitate rapid growth.

7. Taxation

	31 Dec 2020 \$	30 June 2019 \$
Current Tax		
Current tax on profits in the period	157,825	305,720
Reverse of previous over-accrual	-	-
Deferred Tax		
Origination of temporary timing differences	(738,763)	-
Income Tax Expense	(580,938)	305,720

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances after offset:

Deferred tax assets	738,763	-
Deferred tax liabilities	(738,763)	-
	-	-

Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets in respect of reversal of unrealised gain recognised on financial assets of \$912,340 (2019: NIL). These have not been recognised on the basis that there is an uncertainty regarding the availability of sufficient future taxable profits due to the inherent uncertainties, such as the impact of COVID in the relevant jurisdictions, and therefore the assets will not be realisable.

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NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

Factors affecting current tax charge

All operations are undertaken in Australia, thus 100% of the Group profit is considered taxable under Australian law. The current rate of tax in Australia is 30%.

	31 Dec 2020 \$	30 June 2019 \$
Profit/(loss) before taxation	(5,156,666)	846,844
Profit on ordinary activities multiplied by the standard rate of tax in the Australia of 30% (2019: 30%)	(1,547,000)	305,720
Non-deductible expenses	53,722	-
Movement on deferred tax balances not recognised	912,340	
Brought forward losses utilised	-	-
Total current tax	(580,938)	305,720

No change in the corporation tax rate has been announced by the Australian Tax Office for any upcoming period.

8. Cash and cash equivalents – group

	31 Dec 2020 \$	30 June 2019 \$
Cash at bank	456,000	243,576

Cash at bank is included as cash and cash equivalents in connection with the statement of cash flows.

When in overdraft, this balance is included in trade and other payables.

9. Trade and other receivables - group

	31 Dec 2020 \$	30 June 2019 \$
Trade receivables	3,800,469	2,789,950
Allowance for expected credit losses	(314,409)	-
	3,486,060	2,789,950

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NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

In view of the Covid-19 Pandemic, the Company has put in place a trade debtors insurance policy and extended trading terms to some of its suppliers.

10. Inventory - group

	31 Dec 2020 \$	30 June 2019 \$
Finished goods	347,427	245,804

11. 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

	31 Dec 2020 \$	30 June 2019 \$
Motivate Health Technologies, Inc.	534,087	5,951,435

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).

Reconciliation of year-end balance:

Unrealised gains:	\$
- Brought forward	5,951,435
- Loss to 31 Dec 2020	(5,452,630)
Foreign exchange Gain	35,282
Value at period end	534,087

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

12. Investments

- Adopted classification under IFRS 9

	31 Dec 2020 \$	30 June 2019 \$
Investment in Vibe Life	100	100
Investment in Streamcast Marketing LLC	-	6,329,247
	100	6,329,347

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

13. Property, plant and equipment - group

	Motor Vehicles \$	Computer Equipment \$	Fixtures, fittings and equipment \$	Right-of-use- premises \$	Total \$
Cost					
As at 1 July 2019	176,927	23,885	10,860	-	211,672
Recognition of right-of-use asset on initial application of IFRS 16				343,204	343,204
Additions	-	5,797	-	-	5,797
At 31 Dec 2020	176,927	29,681	10,860	343,204	560,673
Depreciation					
As at 1 July 2019	176,927	22,084	10,860	-	209,871
Charge for the period	-	1,647	-	213,024	214,671
At 31 Dec 2020	176,927	23,731	10,860	213,023	424,542
Net book amount at 31 Dec 20	-	5,951	-	130,180	136,131

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NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

14. Intangible Assets - group

	31 Dec 2020 \$	30 June 2019 \$
Intellectual property	2,105	2,105

15. Trade and other payables – current - group

	31 Dec 2020 \$	30 June 2019 \$
Trade Payables	324,382	363,035
Other	387,876	1,130,079
Accrued wages	498,750	225,000
	1,211,008	1,718,114

The balance of accrued wages is owed to Mr St Ledger, the Executive Chairman, and his related parties.

16. Borrowings - group

	31 Dec 2020 \$	30 June 2019 \$
Bank overdraft	60,700	-
Lease liability	142,437	-
Other short-term loans	1,399,633	1,172,346
	1,602,770	1,172,346

Bank borrowings

The Group has a finance facility with the ANZ Bank of Australia that includes a trade facility of \$100,000. The facility is secured by way of personal guarantees from Simon St Ledger.

Other short-term loans

It includes a short-term loan amounting \$1,185,460 (2019: \$1,152,881) provided by J&J Smith, shareholders in the Company. The loan is unsecured, subject to interest at 12% per annum and has been fully reconciled to recognize all expenses paid on the Company's behalf by the lender. Principal and interest repayments are made on a monthly basis.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

17. Tax and other related

	31 Dec 2020 \$	30 June 2019 \$
Deferred tax liability	-	(9,706)
Tax payable	228,378	296,014
	<u>228,378</u>	<u>234,734</u>

18. Non-current borrowings – group

	31 Dec 2020 \$	30 June 2019 \$
Loans from related parties	216,637	280,256
Other Loans	204,266	490,669
	<u>420,903</u>	<u>770,925</u>

Loans from related parties

Related party loans are provided by shareholders in the Company. The loan is unsecured, subject to interest at 6.5% per annum and has been fully reconciled to recognize all expenses paid on the Company's behalf by the lender. Principal and interest repayments are made on a monthly basis.

18(a). Convertible notes

Convertible notes classified to equity-Refer to note 1.17	<u>857,270</u>	<u>634,416</u>
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The notes are convertible into ordinary shares of the Company at a fixed conversion rate.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

19. Contributed equity – group and parent company

31 Dec 2020	30 June 2019	31 Dec 2020	30 June 2019
Securities	Securities	\$	\$
38,849,541	34,374,674	29,548,450	29,503,701

The holder of the ordinary shares is entitled to one vote per share at any meeting of the Company whether in person or by proxy. The holder is entitled to receive dividends declared from available profits and to the surplus of assets on a winding up.

20. Retained Earnings

a) Group

	31 Dec 2020 \$	30 June 2019 \$
Balance brought forward	9,503,620	8,962,496
Profit for the year	(4,575,728)	541,124
Balance carried forward	4,927,892	9,503,620

b) Parent company

	31 Dec 2020 \$	30 June 2019 \$
Balance brought forward	(21,259,405)	(21,257,331)
Loss for the period	(6,557,197)	(2,074)
Balance carried forward	(27,816,602)	(21,259,405)

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

20. Intercompany loan – parent company

	31 Dec 2020	30 June 2019
	\$	\$
	<hr/>	<hr/>
Balance brought forward	566,480	790,639
Monies advanced	-	-
Other movement	79,632	(224,159)
Balance carried forward	<hr/> 646,112 <hr/>	<hr/> 566,480 <hr/>

21. Investment in subsidiary

a) Group

The group controlled 100% of the share capital of its direct subsidiary, Rapid Nutrition Pty Ltd in the current and prior period. The results of this subsidiary have been consolidated on a line by line basis into the consolidated financial statements.

The group also incorporated Rapid Nutrition Asia Pty Ltd, Rapid Nutrition Australia Pty Ltd and Rapid Nutrition Canada Inc, during the period which remains a subsidiary of the Company. The results of this subsidiary have been consolidated on a line by line basis into the consolidated financial statements.

b) Parent company

Value of investment in subsidiary

	31 Dec 2020	30 June 2019
	\$	\$
	<hr/>	<hr/>
Value of shares held	26,061,971	26,061,971
Provision for impairment	(26,061,971)	(26,061,971)
Balance at year end date	<hr/> - <hr/>	<hr/> - <hr/>

Please note, provisions are reversible in future years, depending on results and growth.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

22. Related party transactions

Name (relationship)	Transaction	Amount		Amount due from/(to) related party	
		2020 \$	2019 \$	2020 \$	2019 \$
JBG Corp Pty Ltd	Consulting Fees	-	-	-	-
	Loan funds	471,135	206,050	471,135	142,296

Nature of related parties

JBG Corp Pty Ltd is a company controlled by Leisa St Ledger who is a related party.

Transactions with related parties.

All transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties by adopting IAS 24.

Key Management Personnel

All transactions with key management personnel (the directors) during the period ended 31 December 2020 are disclosed below:

2020	Salary (\$)	Superannuation (\$)	Consultancy Fees (\$)	Total (\$)
Simon St Ledger ¹	273,500	26,006	-	299,506
Shayne Kellow	-	-	-	-
Vesta Vanderbeken ²	-	-	\$21,680	21,680

¹ – Simon St Ledger’s employment terms, as formalized by board resolution and contract, dated 1st July 2019 which specifies a salary of AUD\$165,000 per annum. A car allowance up to AUD\$1000 per month and the required Super/pension payments at 9.5% per annum. The director will also be entitled to an executive bonus which shall not exceed 10% of remuneration and determined at the sole discretion of the board.

² – Shayne Kellow has been provided with the use of a vehicle owned by the consolidated entity for their personal use. Mr Kellow’s vehicle was acquired in a prior period for AUD\$50,459

³ – Vesta Vanderbeken’s was provided with relevant contract that has been executed prior to the appointment. The fee payable for carrying out her duties is an annual gross amount of GBP12,000 (AUD\$21,680).

During the period, there were no advances, credits or guarantees subsisting on behalf of the directors.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

23. Reconciliation of operating profit to net cash outflow from operations

	31 December 2020 \$	30 June 2019 \$
Profit after tax	(4,575,728)	541,124
<i>Adjustments for:</i>		
Taxation	(580,938)	305,720
Depreciation	214,670	2,344
Unrealised gains/(loss)	-	(172,224)
Provision for bad debt	314,410	
Impairment of investment	5,452,630	-
Gain on foreign exchange (non-cash)	(177,704)	-
Decrease/(increase) in Receivables	(696,110)	(2,387,909)
(Increase)/decrease in Inventory	(101,623)	293,203
(Decrease)/increase in Payables (excluding tax)	(507,106)	296,281
(Decrease)/increase in Deposits	-	-
Increase in Other borrowings	430,424	-
Net cash outflow from operations	(227,075)	(1,121,461)

24. Financial risk management

The group's financial instruments consist mainly of shares held in other companies, deposits with banks, accounts receivable and payable & loans from related parties.

The group's financial instruments at 31 December 2020 were classified as follows:

	Note	31 Dec 2020 \$	30 June 2019 \$
Financial assets			
Cash and cash equivalents	8	456,000	243,576
Trade and other receivables	9	3,486,060	2,789,950
Financial assets	11	534,087	5,951,435
Total financial assets		4,476,147	8,984,961
Financial liabilities			
- Trade and other payables	15	1,211,008	842,438
- Borrowings	16, 18	1,602,770	1,172,346
		2,813,778	2,017,784

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

Fair value versus carrying amounts

All items shown in the preceding table as either financial assets or financial liabilities are short term instruments whose carrying value is equivalent to the fair value. There is not considered to be a material difference between the fair value and the carrying value.

Specific Financial Risk Exposures and Management

The group's activities expose it to a number of financial risks that include market risk, credit risk and liquidity risk.

(a) Market Risk

i) Foreign exchange risk

The group's main financial asset – shares held at fair value through the profit and loss – are denominated in US dollars, so the risk of any adverse movement in the foreign currency exchange rates is borne by the group.

As at 31 December 2020, if the US dollar had strengthened/weakened by 5% against the Australian dollar with all other variables held constant, comprehensive income for the period and assets would have been adjusted higher/lower, as a result of foreign exchange gains/losses on transaction of the financial asset.

ii) Interest rate risk

The group had interest-bearing liabilities during the period but is not exposed to interest rate risk because the interest rates on their liabilities are set by private agreement, not by reference to market rates. The group does not have any liabilities to financial institutions at 31 December 2020. As such, sensitivity analysis with regard to movements in interest rates would not be meaningful.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance of counter-parties of contract obligations that could lead to financial losses to the group.

Credit risk exposures

The group had no significant concentrations of credit risk. For loans receivable and payable, please refer to Note 9 – Trade and Other Receivables & Note 16 & 18 – Borrowings. Loans are unsecured and have no fixed repayment date.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through careful cash management policies. In order to meet its short-term obligations, the group has the support of several key shareholders who are willing to provide funds to the group on an as-needed basis.

25. Share Based Payments

No share options have been granted to employees or directors

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

26. Earnings per share

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

	31 Dec 2020	30 June 2019
	\$	\$
(Loss)/Profit for the period	295,964	1,019,068
Number of shares	38,849,541	34,374,674

There were convertible instruments in issue as at 31 December 2020 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.

27. Subsequent Events

On the 7th of January 2021, the company announced it has collectively placed convertible instruments to the value of USD\$333,983. Notably a convertible bond of USD300,000 led by Swiss Asset Manager

On the 24th of January 2021, the company received the final date of trading on the shares of Rapid Nutrition PLC on SIX Swiss Exchange. The delisting of the shares takes place on Friday, 23 July 2021. The last trading day on SIX Swiss Exchange is scheduled for Thursday, 22 July 2021.

On the 26th of January 2021, the company announced it has entered into an agreement for the issuance and subscription of USD\$1,000,000 in convertible notes, each with a 12-month conversion period with Nice & Green an independent Swiss investment company. The financing will be used to accelerate the company's growth strategy.

While the company's brands have flourished in the past year with meaningful interest in health and immunity, the B2B component of our business has been impacted to a certain extent by retailers that have been forced to close due to multiple lockdowns or markedly alter their operations in the wake of the pandemic. Likewise, our retail store in Sydney, located in a one-time Covid-19 hot spot, saw a significant decline in sales during the period. The Group is exposed to the impact of the recent outbreak of COVID-19 and the risks relating to measures imposed by national governments to control the outbreak. The Group recognises the risk of a potential fall in revenue and profitability due to lower general economic activity.

Further to the announcement on 30th November 2020 and 24th January 2021 respectively, the Company intends to maintain some form of European listing for shareholders prior to or in line with the last trading date on SIX Swiss Exchange being 23rd July 2021. The Company will update the markets and shareholders at the time.

Other than as disclosed above, the directors are not aware of any significant events since the end of the reporting period.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 JULY 2019 to 31 DECEMBER 2020

28. Company Details

The registered office of Rapid Nutrition PLC is:

27 Old Gloucester Street
London
England
WC1N3AX

The principal place of business is:

40-46 Nestor Drive
Meadowbrook QLD 4131
Australia



WWW.RNPLC.COM