



Company Registration Number 07905640

RAPID NUTRITION PLC

**UNAUDITED INTERIM FINANCIAL
STATEMENTS**

30 JUNE 2020

RAPID NUTRITION PLC

RESPONSIBILITY STATEMENT AS AT 30 JUNE 2020

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

- a. The condensed set of consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and all relevant pronouncements of *the companies ACT 2006*
- b. The condensed set of consolidated financial statements give a true and fair view of the Group’s financial position as at 30 June 2020 and of its performance for the interim period ended on that date.
- c. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

By order of the Board



Simon St. Ledger

Managing Director

23 September 2020

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD END 30 JUNE 2020

	Note	30-Jun-20	30-Jun-19
Income			
Revenue	4	3,375,668	3,104,879
Total Income		3,375,668	3,104,879
Less Cost of Sales			
Opening Stock		-245,804	-414,007
Direct costs		-883,634	-883,634
Closing Stock		209,199	245,804
Total Cost of Sales		-920,239	-1,051,837
Gross Profit / (Loss)		2,455,429	2,053,041
Less Operating Expenses			
Administrative expenses		-1,190,448	-1,033,973
Total Operating Expenses		-1,190,448	-1,033,973
Operating Profit / (Loss)		1,264,982	1,019,068
Unrealised gain of financial assets		-9,232	-172,224
Foreign Currency Gains / (Losses)		-	-
Net Profit / (Loss) for the period		1,255,749	846,844
Tax Expenses		0	(305,720)
Net Profit/(loss) for the period attributable to member of the company		1,255,749	541,124
Translation Gain/Loss			(194,088)
Changes in Fair Value of FA			-2,085,316
Total comprehensive income for the period attributable to member of the company		1,255,749	-1,738,280

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD END 30 JUNE 2020

All of the activities of the Group are classed as continuing.

All of the total comprehensive income for the period is attributable to the owners of the Group.

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

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

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30-Jun-20	30-Jun-19
Assets			
Current Assets			
Cash and cash equivalents		235,550	243,576
Trade and other receivables		3,840,509	2,789,950
Prepayment		0	0
Inventory		209,199	245,804
Financial Assets	6	5,951,435	5,951,435
Other Asset		0	0
Loans		0	0
Total Current Assets		10,236,692	9,230,765
Non-current Assets			
Investments		6,324,511	6,329,347
Property, plant and equipment		4,882	1,800
Intangible Assets		2,105	2,105
Total Non-current Assets		6,331,499	6,333,252
Total Assets		16,568,191	15,564,017
Liabilities			
Current Liabilities			
Trade and other payables		915,282	1,718,114
Borrowings - C		1,126,872	1,172,346
Other Payables		0	0
Total Current Liabilities		2,042,155	2,890,460
Non-Current Liabilities			
Tax and other related		971,918	296,014
Borrowings - NC		1,257,108	1,405,341
Deposit		0	0
Total Non-Current Liabilities		2,229,108	1,701,355
Total Liabilities		4,271,263	4,591,815
Net Assets		12,296,929	10,972,202

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Equity		
Shares	29,920,232	29,503,701
Share Premium	193,022	193,022
Merger Reserve	-26,061,971	-26,061,971
Retained Earnings	9,503,620	8,962,496
Current Year Earning	1,255,749	541,124
Foreign Exchange Open	-80,855	113,233
Foreign Exchange for the Year	-347,553	-194,088
Asset Reserve	-2,085,316	-2,085,316
Total Equity	12,296,928	10,972,201

These financial statements were approved and authorised for release by the Directors on the 23 September, 2020 and are signed on its behalf by:



Simon St Ledger

Director

Company registration number: 07905640

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Ordinary Share Capital	Share Premium	Merger Reserve	Retained Earnings	Asset Reserve	Foregin Exchange	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018	29,091,609	193,023	-26,061,971	8,962,496	0	113,233	12,298,390
Comprehensive Income							0
Ordinary Share Capital, net of transaction costs	412,092						412,092
Profit for the year				541,124			541,124
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	9,503,620	-2,085,316	-80,855	10,972,202
Ordinary Share Capital, net of transaction costs	416,531						416,531
Profit for the year				1,255,749			1,255,749
Asser Reserve							0
Foreign Exchange						-347,553	-347,553
Balance as at 30 June 2020	29,920,323	193,023	-26,061,971	10,759,369	-2,085,316	-428,408	12,296,929

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
Cash flows from operating activities			
Receipts from customers		2,213,563	890,360
Payments to suppliers and employees		-2,566,860	-2,011,820
Cash receipts from other operating activities			
Cash payments from other operating activities			
Net cash used by operating activities	25	-353,297	-1,121,460
Cash flows from investing activities			
Purchase of plant and equipment		-3,082	0
Payments for intangibles			
Other cash items from investing activities		4,835	
Net cash used by investing activities		1,753	0
Cash flows from financing activities			
Proceeds from issue of shares		388,991	412,092
Costs of issue of shares			
Proceeds from borrowings			
Proceeds from related party borrowings		-45,473	732,722
Payment for Finance Lease			
Loans advanced			
Other cash items from financing activities			
Net cash used by financing activities		343,518	1,144,814
Increase/(decrease)in cash and cash equivalents		-8,026	23,354
Cash and cash equivalents at the beginning of the period		243,575	220,221
Cash and cash equivalents at the end of the period	8	235,549	243,575

RAPID NUTRITION PLC MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC AS AT 30 JUNE 2020

The consolidated financial statements and notes represent those of Rapid Nutrition PLC and its subsidiary (“the consolidated group” or “group”), for the period under review to 30 June 2020.

1. General Information

The information for the period ended 30 June 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, drew attention to the Group’s going concern status by way of emphasis, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting Policy

Basis of preparation

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

Going concern

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

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

The company’s cash position has strengthened post 30 June 2020 due to trade receivables being received.

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

Changes in accounting policy

For the current, interim financial period, the Group has noted no amendments to International Accounting Standards that will be effective for the first time. As such, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group’s latest statutory audited financial statements. Except as disclosed on the 28 May 2020 the change in the annual accounting reference period ending 30 June 2020 is extended as to end on 31 December 2020. Subsequent periods will end on the same date and month in future years.

Functional and presentation currency

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

**RAPID NUTRITION PLC
MANAGEMENT REVIEW REPORT THE
MEMBERS OF RAPID NUTRITION PLC
AS AT 30 JUNE 2020**

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

4. Revenue

	2020	2019
Distributor/Direct Sales	3,375,668	3,104,879
Licensing Fee/Other		
Total Revenue	3,375,668	3,104,879

5. Earnings per share

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

	2020	2019
Profit for the year	1,255,749	541,124
Weighted average number of shares	36,239,201	32,459,824

RAPID NUTRITION PLC
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6. Financial Asset

Financial assets measured at fair value through profit or loss

Financial assets held for trading:

- Investments in equity instruments held for trading

	2020	2019
Held for Trading Motivate Health Technologies Inc (Motivideo) Shares	5,951,435	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 as at 30th June 2019. The valuation was undertaken on a going concern basis. Calculation of the value for the business and equity were prepared on a Discounted Cash Flows basis. The Company holds a 13.9% minority shareholding in Motivate Health Technologies, Inc. (4,450,000 out of 32,035,742 shares). Foreign currency monetary assets at the reporting date are translated at the exchange rate existing at the reporting date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise. The Company will obtain an updated independent valuation and review its fair value prior to publishing its full annual audited accounts as at 30th December 2020.

Unrealized gains	-	
Value to 30 June 2020		5,951,435
Value at Period end		5,951,435

7. Investment

	2020	2019
Investment in Streamcast Marketing LLC	6,324,511	6,329,347
Investment in Vibe Life Pty Ltd	100	100
Total	6,324,611	6,329,447

**RAPID NUTRITION PLC
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As part of the group's long-term vision, and change of business model, the group holds an equity position in the above companies to further support its marketing and distribution efforts in Australia, China and USA. The Company received an independent assessment of fair value of its 19% minority holding in Streamcast Marketing LLC as at 30th June 2019. The valuation was undertaken on a going concern basis. Calculation of the value for the business and equity were prepared in a Discounted Cash Flows basis. Foreign currency monetary assets at the reporting date are translated at the exchange rate existing at the reporting date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise. The Company will obtain an updated independent valuation and review its fair value prior to publishing its full annual audited accounts as at 30th December 2020.

RAPID NUTRITION PLC MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC AS AT 30 JUNE 2020

Dear Shareholders,

[Rapid Nutrition PLC](#) (SW:[RAP](#), OTCQB:[RPNRF](#)), a natural wellness company focused on organic wholefood-based nutrition and science-based herbal products, announced the following trading update on the 31 August 2020, ahead of the publication of its Interim Results for the period ended 30 June 2020, published on 30 September 2020.

Even during a global pandemic, the company continues to realize strong market demand for health supplements, with its flagship brand SystemLS™ in particular, including a variety of organic and natural high-protein vegan shakes, superfoods, whey protein, metabolism boosters and high-fiber bars.

2020 Interim Financial Highlights

Financial highlights for the period to date include:

- Revenue for the period reached \$3.375m, up 9%, compared to the same period last year \$3.104m.
- Gross margin was \$2.455m, an increase of 19% compared to the same period last year, with continued growth anticipated for the remainder of the year as the company progresses its strategy of bringing to market innovative science-based organic products, across multiple categories, which it believes will anchor future earnings.

Interim 2020 Operational Highlights

Noteworthy annual highlights for Rapid Nutrition include:

- Further expansion of the company's global distribution with new partnerships in Brazil, France, Italy, Switzerland, Jamaica and the Caribbean Community (CARICOM).
- Growth through the company's direct-to-consumer channels for its flagship brands.
- Initiated preparations to launch a significant oral anti-viral prevention therapy designed to help relieve symptoms of colds and the flu, which was granted an Innovation Patent in 2016.
- Awarded an Innovation Connections Grant from the Australian Government to further support the 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.
- A continued focus of driving science-driven product innovation in the health and wellness sector, the company recently bolstered its scientific management team, welcoming renowned naturopath and herbalist Ruth Kendon to its well-established management team as the company continues to expand its portfolio of science-based products.

RAPID NUTRITION PLC MANAGEMENT REVIEW REPORT THE MEMBERS OF RAPID NUTRITION PLC AS AT 30 JUNE 2020

- 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. This will provide Rapid Nutrition PLC with an exclusive worldwide licensing deal in a category which is expected to witness substantial growth.

Management Commentary

On Jan. 1, 2020, few prognosticators would have predicted the direction the year was to take. In the wake of Covid-19, Rapid Nutrition has performed with innovation and inspiration to deliver solid results and outcomes.

The work delivered over the first half of the year will guide and inform the months to come, laying a foundation for an anticipated strong six months. As an example, Rapid Nutrition's Sydney retail store initially faced reduced revenue following lost foot traffic. However, since we offer a multi-channel distribution approach, we were able to quickly adapt during the lockdown orders to optimize online direct-to-consumer channels to not only sustain revenue, but to bolster revenues compared to the same period last year.

"I am incredibly proud of our management team's resilience and ability to quickly adapt to conditions out of our control to ensure the company's continued growth and strength," said Rapid Nutrition CEO Simon St. Ledger. "We were fortunate to have such an experienced team during challenging times to continue to steer our company in a positive direction."

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

Moreover, Rapid Nutrition is well-positioned within the industry moving into the next quarter and eventual post-Covid, where demand for health supplements is likely to remain at an all-time high with consumers who are more mindful than ever of the importance of health, wellness and immunity.

"In truth, the most exciting aspect of these results is the potential for even more growth. As we continue to scale our global distribution model, management team and IP in trending categories, we anticipate increased product demand, and global reach," St. Ledger added.

As Rapid Nutrition continues to expand markets, operations and distribution for its flagship brands, in addition bolstering its digital assets to capitalize on its Direct-to-consumer channel with the release of a high quality video series of quick and easy [recipes](#) created by a celebrity chef that use SystemLS products to support healthy eating habits.

The interim financials have been published on the company's website as of 30 September, 2020.

**RAPID NUTRITION PLC
MANAGEMENT REVIEW REPORT THE
MEMBERS OF RAPID NUTRITION PLC
AS AT 30 JUNE 2020**

Directors' responsibilities

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

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

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

Thank you for your time and support.



Sincerely,
Simon St. Ledger
Director