



BIOALPHA HOLDINGS BERHAD

(Registration No: 201101021398 (949536-X))

("BHB" OR THE "COMPANY")

INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

	<--- Individual Quarter ---->		<---- Cumulative Quarter ---->	
	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2022 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2022 RM'000
Revenue	11,720	7,265	28,717	24,673
Cost of sales	(11,243)	(8,626)	(29,515)	(28,618)
Gross profit/(loss)	477	(1,361)	(798)	(3,945)
Other incomes	1,053	306	6,273	656
Administrative expenses	(5,576)	(5,736)	(16,503)	(15,072)
Net reversal/(loss) on impairment of financial assets	1,532	-	(11,485)	-
Loss from operations	(2,514)	(6,791)	(22,513)	(18,361)
Finance costs	(199)	(96)	(573)	(293)
Loss before taxation	(2,713)	(6,887)	(23,086)	(18,654)
Taxation	-	(150)	(150)	(352)
Share of profit/(loss) equity-accounted associates	(47)	-	(47)	-
Loss for the financial period	<u>(2,760)</u>	<u>(7,037)</u>	<u>(23,283)</u>	<u>(19,006)</u>
Loss for the financial period attributable to:				
- Owners of the parent	(2,194)	(6,892)	(22,717)	(18,532)
- Non-controlling interests	<u>(566)</u>	<u>(145)</u>	<u>(566)</u>	<u>(474)</u>
	<u>(2,760)</u>	<u>(7,037)</u>	<u>(23,283)</u>	<u>(19,006)</u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	(0.156)	(0.500)	(1.638)	(1.507)
- Diluted	(0.142)	(0.454)	(1.487)	(1.353)

Notes:

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements of BHB for the financial year ended ("FYE") 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Unaudited As at 30 Sep 2023 RM'000	Audited As at 31 Dec 2022 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	58,968	59,427
Intangible assets	50,609	51,811
Investments in quoted shares	23,532	-
Goodwill on consolidation	5,334	5,334
	<u>138,443</u>	<u>116,572</u>
CURRENT ASSETS		
Biological assets	175	175
Inventories	6,846	8,498
Trade receivables	8,234	8,945
Other receivables	26,083	16,668
Tax recoverable	394	1,002
Other investments	3,911	9,027
Fixed deposits with licensed banks	1,018	22,791
Cash and bank balances	9,597	16,972
	<u>56,258</u>	<u>84,078</u>
TOTAL ASSETS	<u>194,701</u>	<u>200,650</u>
EQUITY		
Share capital	186,014	179,939
Reserves	(39,795)	(12,081)
Equity attributable to owners of the parent	<u>146,219</u>	<u>167,858</u>
Non-controlling interests	3,353	129
TOTAL EQUITY	<u>149,572</u>	<u>167,987</u>
NON-CURRENT LIABILITIES		
Lease liabilities	2,937	4,171
Bank borrowings	2,138	2,966
Deferred tax liabilities	7,310	7,310
	<u>12,385</u>	<u>14,447</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)

	Unaudited As at 30 Sep 2023 RM'000	Audited As at 31 Dec 2022 RM'000
CURRENT LIABILITIES		
Trade payables	4,203	4,790
Other payables	9,483	7,258
Contract liabilities	10,146	1,190
Lease liabilities	5,633	553
Bank borrowings	3,279	3,986
Tax payable	-	439
	<u>32,744</u>	<u>18,216</u>
TOTAL LIABILITIES	<u>45,129</u>	<u>32,663</u>
TOTAL EQUITY AND LIABILITIES	<u>194,701</u>	<u>200,650</u>
NET ASSETS PER SHARE (sen)	10.85 ⁽¹⁾	13.32 ⁽²⁾

Notes:

(1) Based on 1,405,685,522 ordinary shares in BHB as at 30 September 2023.

(2) Based on 1,260,849,697 ordinary shares in BHB as at 31 December 2022.

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of BHB for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

	<-----Attributable to owners of the Company----->								<----- Non-Distributable ----->		
	Share Capital	ICPS	Warrant Reserve	SIS Option Reserve	Merger Deficits	Foreign Currency Translation Reserve	Other Reserve	(Accumulated losses)/ Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	153,233	9,142	15,517	635	(4,569)	276	(15,517)	27,957	186,674	(336)	186,338
Loss for the financial year	-	-	-	-	-	-	-	(47,831)	(47,831)	(963)	(48,794)
Foreign currency translation reserves	-	-	-	-	-	2,141	-	-	2,141	(12)	2,129
Total comprehensive loss	-	-	-	-	-	2,141	-	(47,831)	(45,690)	(975)	(46,665)
Transactions with owners											
Dilution in a subsidiary	-	-	-	-	-	-	-	-	-	1,440	1,440
Expiry of warrant	-	-	(13,882)	-	-	-	13,882	-	-	-	-
Exercise of warrant	2,845	-	(1,635)	-	-	-	1,635	-	2,845	-	2,845
Share option granted under SIS	-	-	-	1,100	-	-	-	-	1,100	-	1,100
Exercise of SIS	23,861	-	-	(340)	-	-	-	-	23,521	-	23,521
Cancellation of SIS	-	-	-	(592)	-	-	-	-	(592)	-	(592)
	26,706	-	(15,517)	168	-	-	15,517	-	26,874	1,440	28,314
Balance as at 31 December 2022	179,939	9,142	-	803	(4,569)	2,417	-	(19,874)	167,858	129	167,987

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

	<-----Attributable to owners of the Company----->						<----- Non-Distributable ----->		
	Share Capital	ICPS	SIS Option Reserve	Merger Deficits	Foreign Currency Translation Reserve	Accumulated losses	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	179,939	9,142	803	(4,569)	2,417	(19,874)	167,858	129	167,987
Loss for the financial year	-	-	-	-	-	(22,717)	(22,713)	(566)	(23,279)
Foreign currency translation reserves	-	-	-	-	857	221	1,074	155	1,229
Total comprehensive loss	-	-	-	-	857	(22,496)	(21,639)	(411)	(22,050)
Transactions with owners									
Issuance of ordinary shares	6,075	(6,075)	-	-	-	-	-	-	-
Dilution in a subsidiary	-	-	-	-	-	-	-	3,635	3,635
Balance as at 30 September 2023	186,014	3,067	803	(4,569)	3,274	(42,370)	146,219	3,353	149,572

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of BHB for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

	Unaudited Current Period to date 30 Sep 2023 RM'000	Unaudited Preceding Corresponding Period to date 30 Sep 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(23,087)	(18,654)
Adjustments for:		
Amortisation of intangible assets	1,948	1,717
Amortisation of deferred capital grant	(29)	(134)
Amortisation of right-of-use assets	998	1,005
Bad debts written off	12	-
Depreciation of property, plant and equipment	5,626	6,322
Fair value loss on biological assets	-	502
Fair value gain on plantation expenditure	(57)	(279)
Share-based payment	-	493
Share of profit/(loss) equity-accounted associates	(47)	-
Fair value loss on quoted shares investments	11,485	-
Gain on dilution of shares in a subsidiary	(66)	-
Gain on modification of lease contract	-	(84)
Impairment losses on trade receivables	-	894
Interest expense	573	293
Interest income	(244)	(383)
Inventories written off	-	789
(Gain)/Loss on disposal of property, plant and equipment	(131)	3
Property, plant and equipment written off	-	70
Rental income	(21)	(19)
Reversal of impairment losses on trade receivables	(2,100)	-
Unrealised (gain)/loss on foreign exchange	(541)	149
Operating loss before working capital changes	(5,681)	(7,316)
Changes in working capital:		
Bill payables	(90)	-
Contract liabilities	451	-
Inventories	1,651	1,074
Trade receivables	3,137	3,397
Other receivables	(8,330)	(1,204)
Trade payables	(587)	(341)
Other payables	10,759	2,394
Cash from/(used in) operations	1,310	(1,996)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

	Unaudited Current Period to date 30 Sep 2023 RM'000	Unaudited Preceding Corresponding Period to date 30 Sep 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)		
Interest paid	(35)	(293)
Interest received	-	383
Rental received	21	19
Tax paid	(277)	(173)
Tax refund	296	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,315	(2,060)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition investment in associate companies	(3,282)	-
Additional in research and development	-	78
Increase in quoted shares investment	(35,018)	-
Decrease in short term placement	8,398	-
Net placement of fixed deposits	7,282	-
Addition in intangible assets	32	-
Purchase of property, plant and equipment	(1,720)	(3,219)
Proceeds from disposal of property, plant and equipment	182	46
Proceeds from issuance of shares in a subsidiary through NCI	3,856	-
Interest received	244	-
NET CASH USED IN INVESTING ACTIVITIES	(20,026)	(3,095)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in fixed deposit pledged and maturity more than 3 months	345	2,994
Net change of bankers' acceptance	-	426
Proceed from issue of share capital	-	26,365
Repayment of lease liabilities	(2,010)	(842)
Repayment of term loans	(1,444)	(2,375)
Interest paid	(538)	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(3,647)	26,568

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

	Unaudited Current Period to date 30 Sep 2023 RM'000	Unaudited Preceding Corresponding Period to date 30 Sep 2022 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(22,358)	21,413
EFFECT OF EXCHANGE TRANSLATION DIFFERENCES	837	290
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>31,118</u>	<u>24,305</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>9,597</u></u>	<u><u>46,008</u></u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISES:		
Cash and bank balances	9,597	22,494
Fixed deposits with licensed banks	<u>1,018</u>	<u>32,145</u>
	10,615	54,639
Less: Fixed deposits pledged with licensed banks	-	(1,131)
Less: Fixed deposits maturity more than 3 months	<u>(1,018)</u>	<u>(7,500)</u>
	<u><u>9,597</u></u>	<u><u>46,008</u></u>

Note:

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements of BHB for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

A1. Accounting policies and methods of computation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the FYE 31 December 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the FYE 31 December 2022 except as disclosed below:

Standard and amendments to published standards that are effective

On 1 January 2023, the Group applied the following new published standard and amendments to published standards:

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above amendments to published standards did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

Standards issued but not yet effective:

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board (“**MASB**”) where the effective has been deferred to a date to be determined by MASB and have not been applied by the Group:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A1. Accounting policies and methods of computation (Cont'd)

Standards issued but not yet effective (Cont'd):

		Effective dates for financial periods beginning on or after
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 101 Presentation of Financial Statements	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16 Leases	Lease Liability in a Sale and Leaseback	1 January 2024

A2. Auditors' report of preceding annual financial statements

There was no qualification to the audited consolidated financial statements of the Company for the FYE 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A3. Seasonal or cyclical factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period-to-date.

A5. Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim periods or prior year that would have a material effect on the current quarter's results.

A6. Debt and equity securities

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period-to-date.

A7. Segmental information

The Group's revenue based on the geographical location of its customers is presented as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	8,633	5,133	20,169	17,781
Indonesia	14	96	261	334
China	3,029	1,943	7,919	5,412
Others	44	93	368	1,146
Total	11,720	7,265	28,717	24,673

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A7. Segmental information (Cont'd)

The Group's revenue based on the activities is presented as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Manufacturing	3,268	2,489	9,565	9,528
Supply of health foods	3,029	1,890	7,883	5,351
Retail pharmacies	5,423	2,886	11,269	9,794
Total	11,720	7,265	28,717	24,673

A8. Valuation of property, plant and equipment

The Group has not carried out any valuation of its property, plant and equipment in the current quarter.

A9. Capital commitments

	Unaudited Current quarter ended 30 Sep 2023 RM'000	Audited Financial year-to- date 31 Dec 2022 RM'000
Authorised and contracted for:		
Purchase of property, plant and equipment	4,500	4,500

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

A11. Contingent liabilities

	Unaudited Current quarter ended 30 Sep 2023 RM'000	Audited Financial year-to- date 31 Dec 2022 RM'000
Unsecured:		
Performance bonds in relation to the management of Herbal Integrated Cluster Development	<u>200</u>	<u>200</u>

A12. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of the current quarter and financial period-to-date that have not been reflected in this interim financial report.

A13. Related party transactions

There was no additional related party transaction entered into with related parties during the current financial quarter.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

B1. Analysis of performance

The Group's current quarter revenue for the financial period ended 30 September 2023 ("3QFY23") grew by 61.3% year-on-year ("YoY") to RM11.7 million, as compared to RM7.3 million in the preceding year's corresponding quarter ("3QFY22"). The growth was driven by improved performance across all the Group's segments.

Further analyses of the performance of the Group's operating segments are as follows:

(i) Manufacturing of nutritional products

In 3QFY23, our manufacturing operations' revenue increased by 31.3% YoY to RM3.3 million (3QFY22: RM2.5 million). Within this segment, domestic manufacturing turnover climbed 42.9% YoY to RM3.2 million (3QFY22: RM2.2 million) attributed to higher order volume by customers.

(ii) Supply of health foods

In 3QFY23, revenue for the Group's supply of health foods business to China grew by 60.3% to RM3.0 million, against RM1.9 million in 3QFY22, mainly driven by higher deliveries of nutritional meals to customers following the loosening of COVID-19 restrictions in China from December 2022.

(iii) Retail pharmacies

Turnover for the retail pharmacy division rose by 15.1% YoY to RM5.4 million in 3QFY23, as compared to RM2.9 million in 3QFY22, on the back of new store sales contribution.

During the quarter under review, the Group recorded a gross profit of RM0.5 million, as compared to a gross loss of RM1.4 million in 3QFY22, on the back of a higher revenue base. Our gross profit margin also expanded to 4.1% during the quarter.

Bioalpha also recognised a reversal of impairment on financial assets amounting to RM1.5 million in 3QFY23. All in all, net loss attributable to the owners of the parent ("net loss") narrowed to RM2.2 million during the quarter under review (3QFY22: net loss of RM6.9 million).

Comparison with immediate preceding quarter's results

The Group's revenue for the 3QFY23 increased by 37.7% to RM11.7 million, against RM8.5 million in the second (2nd) quarter ended 30 June 2023.

In 3QFY23, the Group's manufacturing of nutritional products segment generated revenue of RM3.3 million, against RM4.1 million in 2QFY23, mainly due to lower contribution from the Malaysian market which amounted to RM3.2 million (2QFY23: RM3.7 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

B1. Analysis of performance (Cont'd)

Comparison with immediate preceding quarter's results (Cont'd)

Meanwhile, turnover for the Group's supply of health foods to China more than doubled to RM3.0 million in 3QFY23 (2QFY23: RM1.4 million) as deliveries to customers picked up. For our retail pharmacy business, revenue grew by 76.8% to RM5.4 million, from RM3.1 million in 2QFY23, on the back of contributions from newly opened pharmacy outlets.

Based on the aforementioned factors, net loss for 3QFY23 narrowed to RM2.2 million, from RM3.4 million in 2QFY23.

B2. Prospects for the financial year ending 31 December 2023

The global economy, while experiencing gradual easing of inflationary pressures, remains mired in a period of uncertainties with heightened geopolitical tensions.

For our domestic manufacturing operations, we are focused on fulfilling the orders of our Original Design Manufacturing ("ODM") customers, while working to secure new ones. At the same time, we are also expanding our product offerings with more in-demand immunity-related products.

In China, the recovery pace of our supply of health food to customers is gradually gaining momentum going into the second half of 2023 as we continue to focus on ensuring lean operations.

As for retail pharmacy division, our efforts to increase physical presence under the Constant Pharmacy brand remains work in progress. In 3QFY23, we have 2 new Constant pharmacy outlets opened in Kuala Lumpur International Airport Terminal 2 ("klia2"), and Kajang, bringing the total number of outlets to 17.

Looking ahead, against the backdrop of prevailing challenges, we continue to stay adaptable and resolute in carrying out our strategic initiatives, while maintaining cost efficiency. All in all, we believe that FY2023 performance to be driven by expected contributions from all our segments, barring unforeseen circumstances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)**B3. Profit forecast or profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any public documents.

B4. Foreign Exchange Exposure / Hedging policy

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are United States Dollar (“USD”), Chinese Renminbi (“CNY”), Hong Kong Dollar (“HKD”), Indonesian Rupiah (“IDR”) and Singapore Dollar (“SGD”).

The Group have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

B5. Taxation

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Tax expense recognised in profit or loss:				
- Current tax provision	-	-	150	202
Deferred tax:				
- Origination and reversal of temporary differences	-	150	-	150
	-	150	150	352
Effective tax rate (%)	-	-	-	-

Bioalpha East Coast Agro Sdn Bhd (“**BECASB**”), another wholly-owned subsidiary of the Group, was awarded tax incentive by the Malaysian Investment Development Authority, which allows BECASB to enjoy 100% tax exemption on income after commercial production date is determined by the relevant authorities for a period of ten (10) years.

Bioalpha R&D Sdn Bhd (“**BRDSB**”), a wholly-owned subsidiary of the Group, was awarded BioNexus Status by the Malaysian Bioeconomy Development Corporation Sdn Bhd, which allows BRDSB to enjoy 100% tax exemption on income from qualifying activities for a period of ten (10) years ended 30 June 2018 and 20% concessionary tax rate on statutory income (10) years, start from year ended 2023 to 2032.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)

B5. Taxation (Cont'd)

Bioalpha (Johor Herbal) Sdn Bhd (“**BJHSB**”), another subsidiary of the Group, was awarded an incentive by Ministry of Agriculture and Agro-Based Industry Malaysia, which allows BJHSB to enjoy 100% tax exemption on income for a period of ten (10) years commencing from 1 January 2018.

Bioalpha (Hainan) Health Biotechnology Ltd (“**BHHBL**”), another subsidiary of the Group which incorporated at China are taxed at the statutory rate of 15% on their chargeable incomes.

Meanwhile, the Group’s other subsidiaries are taxed at the statutory rate of 24% on their chargeable incomes.

B6. Status of corporate proposals and utilisation of proceeds

- (a) Pursuant to the July 2020 Placement completed on 17 July 2020, the Company has issued a total of 94,309,700 new Bioalpha Shares at RM0.105 each and raised approximately RM9.90 million.

The status of the usage of the proceeds from the July 2020 Placement as at the LPD are as follows:

No.	Purpose	Proposed Usage RM'000	Actual Utilisation RM'000	Balance as at 30 Sep 2023 RM'000	Intended time Frame for Utilisation
(a)	Digitalisation expenses	3,000	(2,187)	813	Within 24 months
(b)	Development expenditure	3,762	(3,762)	-	Within 24 months
(c)	Marketing and advertising expenses	3,037	(3,037)	-	Within 24 months
(d)	Expenses for the private placement	104	(104)	-	Within 1 month
Total		<u>9,903</u>	<u>(9,090)</u>	<u>813</u>	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)**B7. Trade receivables**

	Unaudited 30 Sep 2023 RM'000
Trade receivables	19,790
Less: Accumulated impairment losses	(11,556)
	<u>8,234</u>

The Group's normal trade credit terms ranged from 30 to 180 days. Other credit terms are assessed and approved on a case-to-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

B8. Borrowings

The Group's borrowings as at 30 Sep 2023 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Bankers' acceptance	1,479	-	1,479
Revolving credit	1,000	-	1,000
Term loans	800	2,138	2,938
Total bank borrowings	<u>3,279</u>	<u>2,138</u>	<u>5,417</u>

	Unaudited 30 Sep 2023 RM'000	Audited 31 Dec 2022 RM'000
Total bank borrowings	5,417	7,330
Less: Deposit, bank and cash balances	(10,615)	(39,763)
	<u>(5,198)</u>	<u>(47,309)</u>
Total equity	146,219	196,952
Gearing ratio (times)	*	*

Weighted average interest rate of term loans, bankers' acceptance and revolving credit are 4.53% p.a., 4.07% p.a. and 5.7% p.a., and are subject to the floating interest rate and fixed interest rate, respectively.

* Gearing ratio not applicable for financial period ended 30 September 2023 and financial year ended 31 December 2022 as the cash and cash equivalent of the Group and of the Company are sufficient to settle the outstanding debts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)**B9. Material litigation**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any other proceedings pending or threatened or of any fact likely to give rise to any other proceedings.

B10. Dividends

The Board did not recommend any dividend during the financial period ended ("**FPE**") 30 September 2023 (*FYE 31 December 2022: Nil*).

B11. Earnings per share

The basic earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent	(2,194)	(6,892)	(22,717)	(18,532)
Weighted average number of ordinary shares in issue ('000)	1,405,686	1,378,072	1,387,295	1,229,421
Basic earnings per share (sen)	<u>(0.156)</u>	<u>(0.500)</u>	<u>(1.638)</u>	<u>(1.507)</u>

The diluted earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent	(2,194)	(6,892)	(22,717)	(18,532)
Weighted average number of ordinary shares in issue ('000)	1,405,686	1,378,072	1,387,295	1,229,421
Diluted earnings per share (sen)	<u>(0.142)</u>	<u>(0.454)</u>	<u>(1.487)</u>	<u>(1.353)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023 (CONT'D)**B12. Disclosure on selected expense/(income) items as required by the Listing Requirements**

Included in loss before taxation are the following expense/(income) items:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	12	-	12	-
Depreciation and amortisation expenses	2,917	2,989	8,543	8,910
(Gain)/Loss on disposal of property, plant and equipment	(88)	(5)	(131)	3
Loss/(Gain) on foreign exchange				
- Realised	1	-	-	6
- Unrealised	4	116	(541)	149
Gain on modification of lease contract	-	-	-	(84)
Fair value (gain)/loss				
- Biological assets	-	-	-	502
- Plantation expenditure	(67)	(126)	(57)	(279)
- Quoted shares investments	(1,532)	-	11,485	-
- Short term investments	-	-	-	-
Share-based payment	-	-	-	493
Interest expenses	199	96	573	293
Interest income	(19)	(221)	(244)	(383)
Inventories written off	-	-	-	789
Impairment losses on trade receivable	-	608	-	894
Rental income	(7)	(7)	(21)	(19)
Reversal of impairment losses on trade receivables	(9)	-	(2,100)	-

There was no provision for gain or loss on disposal of properties and exceptional items for the current quarter and financial period-to-date.

BIOALPHA HOLDINGS BERHAD (Registration No: 201101021398 (949536-X))

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3rd) QUARTER
ENDED 30 SEPTEMBER 2023 (CONT'D)**

C. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 28 November 2023

By Order of the Board,

Tan Tong Lang (MAICSA 7045482)

Thien Lee Mee (LS0010621)

Company Secretaries

Kuala Lumpur

Dated: 28 November 2023