



BIOALPHA HOLDINGS BERHAD
(Registration No: 201101021398 (949536-X))
(“BHB” OR THE “COMPANY”)

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2024**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2024

	<--- Individual Quarter ---->		<---- Cumulative Quarter ---->	
	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Revenue	34,934	11,720	65,118	28,717
Cost of sales	(34,780)	(11,243)	(64,879)	(29,515)
Gross profit/(loss)	154	477	239	(798)
Other incomes	3,822	1,053	5,439	6,273
Administrative expenses	(7,977)	(5,576)	(19,720)	(16,503)
Net (loss)/gain on impairment of financial assets	(2,188)	1,532	(6,116)	(11,485)
Loss from operations	(6,189)	(2,514)	(20,158)	(22,513)
Finance costs	(124)	(199)	(442)	(573)
Loss before taxation	(6,313)	(2,713)	(20,600)	(23,086)
Taxation	(1)	-	(3)	(150)
Share of loss of associated company	(34)	(47)	(36)	(47)
Loss for the financial period	<u>(6,348)</u>	<u>(2,760)</u>	<u>(20,639)</u>	<u>(23,283)</u>
Loss for the financial period attributable to:				
- Owners of the parent	(5,597)	(2,194)	(19,888)	(22,717)
- Non-controlling interests	(751)	(566)	(751)	(566)
	<u>(6,348)</u>	<u>(2,760)</u>	<u>(20,639)</u>	<u>(23,283)</u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	(0.398)	(0.156)	(1.414)	(1.638)
- Diluted	(0.362)	(0.142)	(1.286)	(1.487)

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 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	Unaudited As at 30 Sep 2024 RM'000	Audited As at 31 Dec 2023 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	49,584	54,378
Intangible assets	43,003	47,383
Investments in associates	3,258	3,294
Goodwill on consolidation	5,334	5,334
	<u>101,179</u>	<u>110,389</u>
CURRENT ASSETS		
Biological assets	119	100
Inventories	6,736	6,743
Trade receivables	3,585	5,636
Other receivables	7,042	7,053
Tax recoverable	442	386
Other investments	26,720	21,477
Fixed deposits with licensed banks	7,131	1,018
Cash and bank balances	7,075	10,424
	<u>58,850</u>	<u>52,837</u>
TOTAL ASSETS	<u>160,029</u>	<u>163,226</u>
EQUITY		
Share capital	186,191	179,939
Reserves	(63,610)	(58,824)
Equity attributable to owners of the parent	<u>122,587</u>	<u>167,858</u>
Non-controlling interests	993	2,265
TOTAL EQUITY	<u>123,574</u>	<u>129,632</u>
NON-CURRENT LIABILITIES		
Lease liabilities	2,991	4,247
Bank borrowings	556	2,104
Deferred tax liabilities	5,520	5,521
	<u>9,067</u>	<u>11,872</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (CONT'D)

	Unaudited As at 30 Sep 2024 RM'000	Audited As at 31 Dec 2023 RM'000
CURRENT LIABILITIES		
Trade payables	4,420	4,114
Other payables	16,701	10,678
Contract liabilities	1,055	1,389
Lease liabilities	3,002	1,546
Bank borrowings	2,210	3,995
	<u>27,388</u>	<u>21,722</u>
TOTAL LIABILITIES	<u>36,455</u>	<u>33,594</u>
TOTAL EQUITY AND LIABILITIES	<u>160,029</u>	<u>163,226</u>
NET ASSETS PER SHARE (sen)	8.79 ⁽¹⁾	10.28 ⁽²⁾

Notes:

(1) Based on 1,406,491,096 ordinary shares in BHB as at 30 September 2024.

(2) Based on 1,406,491,096 ordinary shares in BHB as at 31 December 2023.

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 2023 and the accompanying explanatory notes attached to this interim financial report.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2024

	<-----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	-	-	-	-	-	(41,897)	(41,897)	(1,757)	(43,654)
Foreign currency translation reserves	-	-	-	-	1,269	240	1,509	54	1,563
Total comprehensive loss	-	-	-	-	1,269	(41,657)	(40,388)	(1,703)	(42,091)
Transactions with owners									
Conversion of ICPS	6,252	(6,252)	-	-	-	-	-	-	-
Dilution in a subsidiary	-	-	-	-	-	-	-	3,736	3,736
	6,252	(6,252)	-	-	-	-	-	3,736	3,736
Balance as at 31 December 2023	186,191	2,890	803	(4,569)	3,686	(61,531)	127,470	2,162	129,632

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

	Attributable to owners of the Company							Total	Non-Controlling Interests	Total Equity
	Non-Distributable									
	Share Capital	ICPS	Warrant Reserve	SIS Option Reserve	Merger Deficits	Foreign Currency Translation Reserve	Accumulated losses			
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 2024	186,191	2,890	-	803	(4,569)	3,686	(61,531)	127,470	2,162	129,632
Loss for the financial year	-	-	-	-	-	-	(19,888)	(19,888)	(751)	(20,639)
Foreign currency translation reserves	-	-	-	-	-	(3,520)	106	(3,414)	(418)	(3,832)
Total comprehensive loss	-	-	-	-	-	(3,520)	(19,782)	(23,302)	(1,169)	(24,471)
Transactions with owners										
Exercises of Warrants	-	-	18,413	-	-	-	-	18,413	-	18,413
	-	-	18,413	-	-	-	-	18,413	-	18,413
Balance as at 30 September 2024	186,191	2,890	18,413	803	(4,569)	166	(81,313)	122,581	993	123,574

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 2023 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 2024

	Unaudited Current Period to date 30 Sep 2024 RM'000	Unaudited Preceding Corresponding Period to date 30 Sep 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,599)	(23,087)
Adjustments for:		
Amortisation of intangible assets	2,059	1,948
Amortisation of deferred capital grant	(20)	(29)
Amortisation of biological assets and bearer plant	4	-
Amortisation of right-of-use assets	974	998
Bad debt written off	7,015	12
Depreciation of property, plant and equipment	5,528	5,626
Fair value gain on biological assets	(19)	-
Fair value gain on plantation expenditure	-	(57)
Fair value loss on quoted shares investments	6,440	11,485
Gain on dilution of shares in a subsidiary	-	(66)
Gain on disposal of subsidiary	(44)	-
Gain on disposal of property, plant and equipment	(1,810)	(131)
Impairment losses on property, plant and equipment	843	-
Interest expense	442	573
Interest income	(186)	(244)
Inventories written off	552	-
Reversal of impairment losses on other receivables	(271)	-
Reversal of impairment losses on trade receivables	(6,725)	(2,100)
Reversal of provision of slow-moving inventories	(533)	-
Unrealised loss/(gain) on foreign exchange	210	(541)
Operating loss before working capital changes	(6,140)	(5,613)
Changes in working capital:		
Bill payables	93	(90)
Contract liabilities	315	451
Inventories	(12)	1,651
Trade receivables	1,830	3,137
Other receivables	1,377	(8,330)
Trade payables	305	(587)
Other payables	4,933	10,759
Cash from operations	2,701	1,378

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

	Unaudited Current Period to date 30 Sep 2024 RM'000	Unaudited Preceding Corresponding Period to date 30 Sep 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)		
Interest paid	(121)	(35)
Interest received	186	-
Tax paid	(56)	(277)
Tax refund	(1)	296
NET CASH FROM OPERATING ACTIVITIES	2,709	1,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition investment in associate companies	-	(3,329)
Increase in quoted shares investment	(11,683)	(35,018)
Decrease in short term placement	-	8,398
Net placement of fixed deposits	(500)	7,282
Addition in intangible assets	-	32
Purchase of property, plant and equipment	(2,437)	(1,720)
Proceeds from disposal of property, plant and equipment	2,134	182
Proceeds from disposal of subsidiary companies	144	-
Proceeds from issuance of shares in a subsidiary through NCI	-	3,856
Net cash outflows arising from disposal of subsidiary	(197)	-
Interest received	-	244
NET CASH USED IN INVESTING ACTIVITIES	(12,539)	(20,073)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in fixed deposit pledged and maturity more than 3 months	87	345
Drawdown of lease liabilities	280	-
Repayment of lease liabilities	(982)	(2,010)
Repayment of term loans	(3,426)	(1,444)
Proceeds from issue of warrant	18,413	-
Interest paid	(309)	(538)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	14,063	(3,647)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

	Unaudited Current Period to date 30 Sep 2024 RM'000	Unaudited Preceding Corresponding Period to date 30 Sep 2023 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,233	(22,358)
EFFECT OF EXCHANGE TRANSLATION DIFFERENCES	(1,882)	837
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,424	31,118
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	12,775	9,597
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISES:		
Cash and bank balances	7,075	9,597
Fixed deposits with licensed banks	7,131	1,018
	14,206	10,615
Less: Fixed deposits pledged with licensed banks	(1,431)	(1,018)
Less: Fixed deposits maturity more than 3 months	-	-
	12,775	9,597

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 2023 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 2024

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024

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 2023 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 2023 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the FYE 31 December 2023 except as disclosed below:

Standard and amendments to published standards that are effective

On 1 January 2024, the Group applied the following new published standard and amendments to published standards:

- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7, Supplier Finance Arrangements
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-Current

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 2024 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (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 121	Lack of Exchangeability	1 January 2025

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 2023.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

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 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Malaysia	8,539	8,633	23,261	20,169
China	26,297	3,029	41,656	7,919
Others	98	58	201	629
Total	34,934	11,720	65,118	28,717

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

	Current quarter ended		Financial period-to-date	
	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Manufacturing	2,732	3,268	8,869	9,565
Supply of health foods	26,297	3,029	41,656	7,883
Retail pharmacies	5,905	5,423	14,593	11,269
Total	34,934	11,720	65,118	28,717

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A9. Capital commitments

	Unaudited Current quarter ended 30 Sep 2024 RM'000	Audited Financial year-to- date 31 Dec 2023 RM'000
Authorised and contracted for:		
Purchase of property, plant and equipment	4,500	4,500

A10. Changes in the composition of the Group

On 19 March 2024, RS Bio Sdn. Bhd. ceased to be subsidiary of Botanical Distribution Sdn Bhd by dispose off its 51% equity interest comprising 5,100,000 ordinary shares for a total cash consideration of RM144,378/=.

On 30 October 2024, Mediconstant Pharmacy (Desa Tasik) Sdn. Bhd., a dormant company ceased to be subsidiary of Mediconstant Holding Sdn. Bhd. by dispose off its 100% equity interest comprising 80,003 ordinary shares for a total cash consideration of RM1/=.

On 30 October 2024, Mediconstant Pharmacy (Puchong) Sdn. Bhd., a dormant company ceased to be subsidiary of Mediconstant Holding Sdn. Bhd. by dispose off its 100% equity interest comprising 10 ordinary shares for a total cash consideration of RM1/=.

Other than the above, there were no other major changes in the composition of the Group during the period ended 30 September 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A11. Contingent liabilities

	Unaudited Current quarter ended 30 Sep 2024 RM'000	Audited Financial year-to- date 31 Dec 2023 RM'000
Unsecured:		
Performance bonds in relation to the management of Herbal Integrated Cluster Development	200	200
Performance bonds in relation to the Langkawi Agro Park	500	-
	<u>500</u>	<u>-</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 2024 (CONT'D)

B1. Analysis of performance

The Group's current quarter revenue for the financial period ended 30 September 2024 ("3QFY24") grew by 198.3% year-on-year ("YoY") to RM34.9 million, as compared to RM11.7 million in the preceding year's corresponding quarter ("3QFY23"). The growth was driven by significant performance improvement from the Group's contribution of health foods supply operations in China.

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

(i) Manufacturing of nutritional products

In 3QFY24, revenue for our manufacturing operations decreased by 18.2% year-on-year ("YoY") to RM2.7 million (3QFY23: RM3.3 million). Specifically, domestic manufacturing turnover dropped by 18.8% YoY to RM2.6 million (3QFY23: RM3.2 million), which was attributed to lower order volume from customers, likely due to higher general inflation in the quarter as compared with the previous quarter causing consumers to have a more caution sentiments in their spending.

(ii) Supply of health foods

In 3QFY24, revenue for the Group's supply of foods business to China stood to RM26.3 million, against RM3.0 million in 3QFY23 which was attributed to strong growth from the customer order during the quarter.

(iii) Retail pharmacies

Revenue for the retail pharmacy division grew marginally by 9.3% YoY to RM5.9 million in 3QFY24, as compared to RM5.4 million in 3QFY23.

During the quarter under review, the Group incurred a gross profit of RM0.2 million, as compared to a gross profit of RM0.5 million in 3QFY23, on the back of higher cost of sales affecting the overall financial performance during the quarter.

However, the Group also recognised a net loss on impairment of financial assets of RM2.2 million in 3QFY24. All in all, net loss attributable to the owners of the parent ("net loss") increased to RM5.6 million during the quarter under review (3QFY23: net loss of RM2.2 million).

Comparison with immediate preceding quarter's results

The Group's revenue for the 3QFY24 remained comparable at RM34.9 million, against RM23.0 million in the second (2nd) quarter ended 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

B1. Analysis of performance (Cont'd)

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

In 3QFY24, the Group's manufacturing segment generated RM2.7 million, vis-à-vis RM3.0 million in 2QFY24. Meanwhile, turnover for the Group's supply of health foods to China stood at RM26.3 million in 3QFY24 (2QFY24: RM14.7 million) due to the increase in order as compared to the immediate preceding quarter, coupled with the strong performance of China economy to boost consumer sentiments in spending. For our retail pharmacy business, revenue came in at RM5.9 million in 3QFY24 (2QFY24: RM5.2 million).

Net loss for 3QFY24 decreased to RM6.3 million from RM7.8 million in the preceding quarter.

B2. Prospects for the financial year ending 31 December 2024

The global economic climate for 2024 remains complex, with heightened geopolitical tensions and lingering economic uncertainties. Nonetheless, the gradual easing of inflationary pressures suggests a potential path towards recovery.

At Bioalpha, we continue to focus on our business strategies, and optimising costs to navigate external headwinds and seize emerging opportunities.

For our domestic manufacturing operations, we remain steadfast in expanding our offerings with more in-demand immunity-related products to better serve the evolving health priorities of consumers. At the same time, we are working to secure additional Original Design Manufacturing ("ODM") customers.

In China, although we experienced slower sales in the first half of FY24, we expect our health food supply venture to gradually pick up pace in coming quarters, while we continue to emphasize on lean operations at the same time.

In the meantime, the Group's retail pharmacy division, under the Constant Pharmacy brand, carries on its network expansion with additional outlets planned for 2024.

Bioalpha is also embarking on the development of an 8-acre agro park in Langkawi, Kedah. This project aims to boost agro-tourism in the region and generate new revenue streams for Bioalpha through the commercialization of high-value herbal products. Development has already commenced, with a targeted opening in three years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

B2. Prospects for the financial year ending 31 December 2024 (Cont'd)

As we navigate through 2024, the Group shall stay adaptable and resolute in carrying out our strategic initiatives, while maintaining cost efficiency. All in all, we believe that FY2024 performance to be supported by positive contributions from all our segments, barring unforeseen circumstances.

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 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Tax expense recognised in profit or loss:				
- Current tax provision	1	150	3	150
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 2024 (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 January 2024 Placement completed on 14 February 2024, the Company has issued a total of 526,099,537 Warrants at RM0.035 each and raised approximately RM18.4 million.

The status of the usage of the proceeds from the January 2024 Placement as at the LPD are as follows:

No.	Purpose	Proposed Usage RM'000	Actual Utilisation RM'000	Balance as at 30 Sep 2024 RM'000	Intended time Frame for Utilisation
(a)	Expansion of our Group’s pharmacy business	5,500	(3,606)	1,894	Within 24 months
(b)	Launching of new products	3,500	(1,083)	2,417	Within 24 months
(c)	Repayment of bank borrowing	6,000	(5,601)	399	Within 12 months
(d)	Working capital	2,663	(2,663)	-	Within 12 months
(e)	Estimate expenses in relation to the Right Issue of Warrants	750	(750)	-	Within 1 month
Total		18,413	(13,703)	4,710	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

B7. Trade receivables

	Unaudited 30 Sep 2024 RM'000
Trade receivables	13,690
Less: Accumulated impairment losses	(10,105)
	<u>3,585</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 September 2024 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Bankers' acceptance	2,041	-	2,041
Revolving credit			
Term loans	169	556	725
Total bank borrowings	<u>2,210</u>	<u>556</u>	<u>2,766</u>

	Unaudited 30 Sep 2024 RM'000	Audited 31 Dec 2023 RM'000
Total bank borrowings	2,766	6,099
Less: Deposit, bank and cash balances	(14,206)	(39,763)
	<u>(11,440)</u>	<u>(5,343)</u>
Total equity	123,575	129,632
Gearing ratio (times)	*	*

Weighted average interest rate of term loans and bankers' acceptance are 4.0% p.a. and 3.0% 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 2024 and financial year ended 31 December 2023 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 2024 (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”) 31 March 2024 (FYE 31 December 2023: Nil).

B11. Earnings per share

The basic earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Net loss attributable to owners of the parent	(5,597)	(2,194)	(19,888)	(22,717)
Weighted average number of ordinary shares in issue ('000)	1,406,491	1,405,686	1,406,491	1,387,295
Basic earnings per share (sen)	<u>(0.398)</u>	<u>(0.156)</u>	<u>(1.414)</u>	<u>(1.638)</u>

The diluted earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Net loss attributable to owners of the parent	(5,597)	(2,194)	(19,888)	(22,717)
Weighted average number of ordinary shares in issue ('000)	1,546,900	1,406,095	1,546,900	1,527,704
Diluted earnings per share (sen)	<u>(0.362)</u>	<u>(0.142)</u>	<u>(1.285)</u>	<u>(1.487)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024 (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 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000	Unaudited 30 Sep 2024 RM'000	Unaudited 30 Sep 2023 RM'000
Allowance for expected credit losses on other receivables	64	-	-	-
Reversal of impairment losses on trade receivables	-	(9)	(6,725)	(2,100)
Reversal of impairment losses on other receivables	(80)	-	(271)	-
Provision of slow-moving inventories	77	-	-	-
Reversal of provision of slow-moving inventories	-	-	(533)	-
Bad debts written off	-	12	7,015	12
Depreciation and amortisation expenses	2,961	2,917	8,545	8,543
Impairment loss on property, plant and equipment	843	-	843	-
Gain on disposal of property, plant and equipment	(1,759)	(88)	(1,810)	(131)
Loss/(Gain) on foreign exchange				
- Realised	-	1	5	-
- Unrealised	192	4	210	(541)
Fair value loss/(gain) on:				
- Biological assets	-	-	(19)	-
- Plantation expenditure	-	(67)	-	(57)
- Quoted shares investments	2,204	(1,532)	6,440	11,485
Gain on disposal of subsidiary	-	-	(44)	-
Interest expenses	123	199	442	573
Interest income	(52)	(19)	(186)	(244)
Inventories written off	(57)	-	552	-

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 2024 (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 26 November 2024.

By Order of the Board,

Tan Tong Lang (MAICSA 7045482)

Thien Lee Mee (LS0010621)

Company Secretaries

Kuala Lumpur

Dated: 26 November 2024