

ASX ANNOUNCEMENT

FY24 Q2 Quarterly Activities Report and Appendix 4C Cash Flow Statement

Brisbane, 31 January 2024: Health and Plant Protein Group Limited (ASX:HPP) (**HPP**, the **Company**) presents its Activities Report and Appendix 4C for the quarter ended 31 December 2023.

Business update

As previously disclosed, HPP is awaiting the payment of the balance of the sale proceeds which is currently being held in escrow pending receipt of confirmation from the US Internal Revenue Service (**IRS**) of the US withholding tax payable by HPP in respect of the sale of the macadamia division in April 2023 (**US Tax Clearance**).

HPP and its US-based advisors continue to seek clarity from the IRS on the quantum and timing of the US Tax Clearance, but the Company has received no details to date due to administrative processing times currently being experienced by the IRS.

The Company ended the quarter with closing cash and cash equivalents of \$2.2 million (30 Sep 2023: \$2.3m). Appendix 4C as attached forms part of this announcement. The amount of \$12,000 under item 6.1 relates to remuneration of non-executive directors.

HPP's strategic objectives remain consistent with its market disclosures. Subject to completion of the IRS's review and return of escrowed monies, HPP intends to:

- return a portion of surplus net assets to shareholders, which may occur by way of an equal access off-market share buy-back, an equal return of capital, or a combination of both; and
- pursue value-add opportunities under a significantly reduced cost base, including by way of acquisitions, equity investments or strategic combination opportunities.

In accordance with listing rule 12.1, trading in HPP Shares has been suspended since close of business on Monday, 28 August 2023, as it is ASX's opinion that the level of HPP's operations is not sufficient to warrant the continued quotation of its securities.

Share buy-back considerations

On 28 November 2023, the Company obtained shareholder approval to return the net proceeds of the disposal of the macadamia division to shareholders by way of either an equal return of capital or an equal access off-market share buy-back, or a combination of both, subject to successful completion of the IRS review and return of the escrowed funds to the Company.

Given the IRS processing delays, the Company is considering as an interim measure the following capital management initiatives:

- a minimum holding buy-back for holders of unmarketable parcels of shares in the Company;¹ and
- an equal access off-market share buy-back of less than 10% of the Company's shares on issue.

Both of these initiatives can be implemented without shareholder approval and, if they proceed, will be separate from the final return of net proceeds which was approved by shareholders at the last AGM.

¹ Under the ASX Listing Rules, a shareholding valued at less than \$500 based on the company's last closing price is considered to be an 'unmarketable parcel' of shares.

If completed, the buy-backs will allow the Company to return a portion of the net proceeds from the disposal of the macadamia division which are presently available to the Company and provide eligible shareholders with the opportunity to realise part or all of their investment in the Company, noting that securities in the Company are suspended from trading on ASX.

Details relating to these initiatives, including the buy-back price and the amounts allocated to funding the buy-backs, have not yet been finally determined, but will balance the interests of those shareholders who may wish to participate in a buy-back with those shareholders who may wish to retain their shares. The Company will also take into consideration the last closing price of its shares prior to suspension on 28 August 2023, its net tangible assets per share, the uncertainty of the amount and timing of any final distribution, and the need to ensure that the Company has sufficient cash for working capital before escrowed funds are recovered by the Company.

If the Company decides to proceed with the buy-backs, an announcement containing further information will be made to ASX.

This announcement has been authorised for release to ASX by the Board.

ENDS

Investor enquiries:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

HEALTH AND PLANT PROTEIN GROUP LIMITED (ASX: HPP)

ABN

68 010 978 800

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(72)	(211)
(f) administration and corporate costs	(52)	(698)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	(1)
1.9 Net cash from / (used in) operating activities	(118)	(894)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	(650)
2.6	Net cash from / (used in) investing activities	-	(650)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,315	3,738
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(118)	(894)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(650)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1)	2
4.6	Cash and cash equivalents at end of period	2,196	2,196

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	696	2,315
5.2	Call deposits	1,500	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,196	2,315

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	12
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note 6.1: This amount of \$12,000 is in relation to remuneration of non-executive directors.		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(118)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,196
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,196
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	18.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.