



Health and Plant Protein Group Limited

ABN 68 010 978 800

ASX Code: HPP

Appendix 4D

Listing Rule 4.2A.3

Half-Year Report

For the six months ended 31 December 2023

Registered address: Level 28, 1 Eagle Street, Brisbane QLD 4000

Postal Address: PO Box 2225, Milton, QLD 4064

Telephone: (07) 3067 4828

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APPENDIX 4D: HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Health and Plant Protein Group Limited – ABN 68 010 978 800

Unless otherwise stated, the information provided for the previous corresponding period is for the half-year ended 31 December 2022.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Comparison to previous corresponding period	31 December 2023 \$'000	31 December 2022 \$'000	\$ (Increase) / Decrease Change %
Revenue from continuing operations	-	-	-
Profit / (loss) from continuing operations after tax attributable to members	(748)	(2,610)	1,862 or 71%
Profit / (loss) for the period attributable to members	(748)	(4,792)	4,044 or 84%

Refer to the attached Consolidated Half-Year Financial Report for further detail of the aforementioned results. The continuing operations comprise the consolidated results of Health and Plant Protein Group Limited and its 100% subsidiary, HPP Group (Overseas) Holdings Pty Ltd (together the "Group").

Dividends (Distributions)

No dividend has been paid or declared for the half-years ended 31 December 2023 and 31 December 2022. No dividend or distribution reinvestment plans were in operation during the half-year.

Overview of the half-year results

A brief explanation of the figures reported is below. Further detail is included in the Review of Operations.

The Group recorded a net (loss) after tax of (\$748,000) for the half-year ended 31 December 2023. This compares to the prior comparable half-year net (loss) after tax of (\$4,792,000), of which (\$2,610,000) related to continuing operations and (\$2,182,000) related to discontinued operations.

	HY 2023 \$'000	HY 2022 \$'000
Group (loss) from continuing operations before income tax	(748)	(2,610)
Tax expense	-	-
(Loss) from continuing operations for the half-year attributable to members	(748)	(2,610)
(Loss) from discontinued operations	-	(2,182)
Net Profit / (loss) including discontinued operations after income tax for the half year	(748)	(4,792)

The Group loss before tax of (\$748,000) was attributed to:

	HY 2023 \$'000	HY 2022 \$'000
Corporate income	1	138
Fair value gain / (loss) on derivative	-	328
Corporate overhead expenses	(774)	(639)
Net finance income / (costs)	25	(2,437)
Group profit / (loss) from continuing operations before income tax	(748)	(2,610)

APPENDIX 4D: HALF-YEAR REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The main factors affecting performance in this half-year included:

- The Group saw no business being conducted during the half year (\$ nil) as a result of the sale of the macadamia division in April 2023. The prior half year profit of \$138,000 included a \$412,000 foreign exchange gain.
- Corporate overheads increased by \$135,000 to \$774,000 for the half-year. Included in this amount are one-off costs of \$178,000 for the options granted to directors, \$82,000 for legal and professional fees relating to the sale of the macadamia division, and an unrealised foreign exchange loss of \$122,000 on the escrowed receivable in the USA.
- On 22 February 2023 a Share Sale and Purchase agreement for Hawaiian Host LLC and HPP Acquisition LLC (together the “Buyer”) to acquire HPP America, Inc. (the United States-based holding company of MacFarms, LLC) was signed for consideration of US\$26.0 million gross of debt. This sale was completed on 14 April 2023 and net funds of c.US\$3.7 million were received from the buyer on 18 April 2023.
- On 1 August 2023 the Group finalised and paid the final working capital and price adjustments of US\$430,000 of the sale with the Buyer. Outstanding at 31 December 2023 is the escrowed amount of US\$3.9 million, awaiting clearance from the Internal Revenue Service (IRS) of the United States, subject to relevant withholding taxes.

NET TANGIBLE ASSET BACKING	31 December 2023	30 June 2023
Net tangible asset backing per ordinary share	5.5 cents	5.9 cents
Number of shares on issue	122,820,738	122,820,738

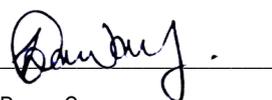
ACCOUNTING STANDARDS

This report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Accounting Standards Board.

The half-year financial report should be read in conjunction with the annual Financial Report of Health and Plant Protein Group Limited as at 30 June 2023. It is also recommended that the half-year financial report be considered together with any public announcements made by Health and Plant Protein Group Limited and its controlled entities during the half-year ended 31 December 2023 and up until the date of this report, in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

INDEPENDENT REVIEW OF THE FINANCIAL REPORT

This report is based on accounts which have been subject to a review. An independent review report is provided as part of this report. The Auditor’s Independence Declaration is also included in the Directors’ Report. The half-year accounts are not subject to any audit dispute or qualification. The entity has a formally constituted audit committee.



Deane Conway

Company Secretary

Brisbane, 26 February 2024

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The Directors of Health and Plant Protein Group Limited present their report on the consolidated entity consisting of Health and Plant Protein Group Limited ('the Company') and the entities it controlled ('the Group') for the half-year ended 31 December 2023.

DIRECTORS

The names of the company's directors in office during the half-year under review and at the date of this report are as follows:

- Albert Tse (Executive Chair)
- Qi (Christina) Chen
- Hugh Robertson

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

For the half-year ended 31 December 2023 the Group recorded a net profit/(loss) after tax of (\$748,000) (2022: \$4,792,000). The net (loss) before tax from continuing operations was (\$748,000) compared to (\$2,610,000) for the previous comparative period.

Summarised operating results from continuing and discontinued operations attributable to equity holders of Health and Plant Protein Group Limited are as follows:

	HY 2023		HY 2022	
	Revenues \$'000	Results \$'000	Revenues \$'000	Results \$'000
Corporate income	-	1	416	416
Depreciation and amortisation	-	-	-	(20)
Impairment expense	-	-	-	(258)
Fair value gain / (loss) on other financial liabilities	-	-	-	328
Corporate overhead expenses	-	(774)	-	(639)
Net finance costs	-	25	-	(2,437)
Income tax (expense) / benefit	-	-	-	-
Group income and (loss) from continuing operations after income tax	-	(748)	416	(2,610)
Group income and (loss) from discontinued operations after income tax	-	-	-	(2,182)
Net Loss including discontinued operations after income tax	-	(748)	416	(4,792)

The main factors affecting performance in this half-year included:

- The Group saw no business being conducted during the half year (\$ nil) as a result of the sale of the macadamia division in April 2023. The prior half year profit of \$138,000 included a \$412,000 foreign exchange gain.
- Corporate overheads increased by \$135,000 to \$774,000 for the half-year. Included in this amount are one-off costs of \$178,000 for the options granted to directors, \$82,000 for legal and professional fees relating to the sale of the macadamia division, and an unrealised foreign exchange loss of \$122,000 on the escrowed receivable in the USA.
- On 22 February 2023 a Share Sale and Purchase agreement for Hawaiian Host LLC and HPP Acquisition LLC (together the "Buyer") to acquire HPP America, Inc. (the United States-based holding company of MacFarms, LLC) was signed for consideration of US\$26.0 million gross of debt. This sale was completed on 14 April 2023 and net funds of c.US\$3.7 million were received from the buyer on 18 April 2023.
- On 1 August 2023 the Group finalised and paid the final working capital and price adjustments of US\$430,000 of the sale with the Buyer. Outstanding at 31 December 2023 is the escrowed amount of US\$3.9 million, awaiting clearance from the Internal Revenue Service (IRS) of the United States, subject to relevant withholding taxes.

The table below shows the asset and capital structure as at 31 December 2023:

DIRECTORS' REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	CONSOLIDATED	
	31 December 2023 \$'000	30 June 2023 \$'000
NET GEARING		
Debts		
Interest-bearing liabilities	-	-
Cash and cash equivalents	(2,196)	(3,738)
Net debt	(2,196)	(3,738)
Total equity	6,717	7,287
Total capital employed	4,521	3,549
<i>Net debt as a % of Total capital employed</i>	<i>n.a.</i>	<i>n.a.</i>
DEBT/EQUITY		
Total equity	6,717	7,287
Intangibles	-	-
Net tangible assets	6,717	7,287
Interest-bearing liabilities	-	-
<i>Interest-bearing liabilities as a % of Net tangible assets</i>	<i>n.a.</i>	<i>n.a.</i>

SUBSEQUENT EVENTS AFTER BALANCE DATE

On 31 January 2024, the Company announced that, given the IRS delays in finalising the quantum and timing of US tax clearances, it was considering as an interim measure the following capital management initiative:

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

Details of the UMP buy-back were released on 6 February 2024, noting:

- the record date of 7.00pm (Sydney time) on Tuesday, 6 February 2024,
- the closing date of 5.00pm (Sydney time) on Friday, 22 March 2024,
- the remittance of proceeds date of Wednesday, 3 April 2024, and
- the buy-back price of \$0.042 per share.

Details of the Off-market buy-back were released on 23 February 2024, noting:

- the ex-date of Wednesday, 28 February 2024,
- the record date of 7.00pm (Sydney time) on Thursday, 29 February 2024,
- the opening date of Tuesday, 5 March 2024,
- the closing date of 5.00pm (Sydney time) on Friday, 5 April 2024,
- the remittance of proceeds date of Friday, 19 April 2024, and
- the buy-back price of \$0.042 per share.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the half-year which have significantly affected or may significantly affect the operations and results of the Group, other than what has been disclosed.

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.

DIRECTORS' REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

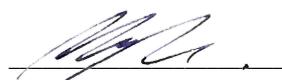
AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

ROUNDING

The amounts contained in this report and in the interim financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the ASIC Instrument applies.

Signed in accordance with a resolution of the directors.



Albert Tse

Executive Chair

Brisbane, 26 February 2024



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's independence declaration to the directors of Health and Plant Protein Group Limited

As lead auditor for the review of the half-year financial report of Health and Plant Protein Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Health and Plant Protein Group Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Susie Kuo'.

Susie Kuo
Partner
26 February 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	CONSOLIDATED	
		31 December 2023 \$'000	30 June 2023 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		2,196	3,738
Trade and other receivables	4	4,673	4,816
Prepayments		37	3
Total Current Assets		6,906	8,557
Non-Current Assets			
Other non-current assets		-	-
Total Non-Current Assets		-	-
TOTAL ASSETS		6,906	8,557
LIABILITIES			
Current Liabilities			
Trade and other payables		170	1,258
Employee entitlements		19	12
Total Current Liabilities		189	1,270
Non-Current Liabilities			
Other non-current liabilities		-	-
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		189	1,270
NET ASSETS		6,717	7,287
EQUITY			
Contributed equity		60,613	60,613
Reserves		178	-
Accumulated losses		(54,074)	(53,326)
TOTAL EQUITY		6,717	7,287

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	CONSOLIDATED	
		31 December 2023 \$'000	31 December 2022 \$'000
INCOME			
Sale of goods from continuing operations		-	-
Cost of sales		-	-
Gross profit		-	-
Rental income		-	4
Other income	3	1	740
Finance income	3	25	691
		26	1,435
Administration expenses		(652)	(507)
Marketing expenses		-	(150)
Impairment of property, plant and equipment		-	(258)
Other expenses	3	(122)	(2)
PROFIT / (LOSS) BEFORE TAX AND FINANCE COSTS		(748)	518
Finance costs	3	-	(3,128)
PROFIT / (LOSS) BEFORE INCOME TAX		(748)	(2,610)
Income tax (expense)		-	-
NET PROFIT / (LOSS) FROM CONTINUING OPERATIONS		(748)	(2,610)
Profit / (Loss) from discontinued operations		-	(2,182)
NET PROFIT / (LOSS) FOR THE HALF-YEAR		(748)	(4,792)
Total net profit / (loss) is attributable to:			
Equity holders of Health and Plant Protein Group Limited		(748)	(4,792)
		(748)	(4,792)
Total comprehensive profit / (loss) is attributed to:			
Equity holders of Health and Plant Protein Group Limited		(748)	(4,792)
		(748)	(4,792)
Basic and diluted profit / (loss) per share (cents)		(0.6)	(3.90)
Basic and diluted profit / (loss) per share from continuing operations (cents)		(0.6)	(2.13)
Basic and diluted profit / (loss) per share from discontinued operations (cents)		<i>n.a</i>	(1.78)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	CONSOLIDATED	
		31 December 2023 \$'000	31 December 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		-	18,034
Payments to suppliers and employees (inclusive of GST)		(935)	(20,049)
Other receipts		26	4
Interest and other finance costs paid		-	(2)
Income tax (paid) / received		-	(22)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(909)	(2,035)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(108)
Net proceeds / (costs) of sale of business	4	(650)	-
Interest received		16	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(634)	(108)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	1,824
Repayments of borrowings		-	(1,754)
Principal elements of lease payments		-	(126)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		-	(56)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(1,543)	(2,199)
Cash and cash equivalents at beginning of the half-year		3,738	3,470
Foreign exchange difference on cash holdings		1	(58)
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR		2,196	1,213

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	CONSOLIDATED					
	RESERVES					Total Equity \$'000
	Contributed Equity \$'000	Asset Revaluation \$'000	Share-based Payments \$'000	Foreign Currency Translation \$'000	Accumulated Losses \$'000	
As at 1 July 2023	60,613	-	-	-	(53,326)	7,287
<i>Total comprehensive income / (loss) for the half-year</i>						
Net profit / (loss) for half-year	-	-	178	-	(748)	(570)
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income / (loss) for the half-year	-	-	178	-		
As at 31 December 2023	60,613	-	178	-	(54,074)	6,717
As at 1 July 2022	60,613	14,966	-	928	(51,464)	25,043
<i>Total comprehensive income / (loss) for the half-year</i>						
Net profit / (loss) for half-year	-	-	-	-	(4,792)	(4,792)
Other comprehensive income / (loss)	-	-	-	142	-	142
Total comprehensive income / (loss) for the half-year	-	-	-	142	(4,792)	(4,650)
As at 31 December 2022	60,613	14,966	-	1,070	(56,256)	20,393

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim condensed financial report for the half-year reporting period ended 31 December 2023 (the “**Report**”) has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this Report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Health and Plant Protein Group Limited and its controlled entities (the ‘**Group**’) during the interim reporting period and up to the date of this Report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This Report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the ASIC Instrument applies.

This Report was authorised for issue by the board of directors on 26 February 2024.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated below.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes the Group will be able to realise its assets and settle its liabilities in the normal course of business and at amounts stated in the Report. As at 31 December 2023, the Group recorded a net loss of \$748,000 and had no external debt or finance facilities.

A portion of the funds received from the sale of the Macadamia division in April 2023 (US\$3.9 million gross of taxes) remain held in escrow until US withholding tax obligations are finalised by the Internal Revenue Service (IRS). In addition to the funds in escrow, the Group holds cash at bank at 31 December 2023 of A\$2.2 million.

The Directors, in their consideration of the appropriateness of the going concern basis for preparation of the financial statements, have prepared a cash flow forecast through to March 2025 which indicates the Group will have sufficient cash to continue as a going concern.

Accordingly, at the date of signing, the financial report has been prepared using the going concern basis of accounting. No adjustments have been made to the amounts and classifications of recorded assets and liabilities should the entity be unable to continue as a going concern.

2. SEGMENT INFORMATION

The reportable segment for the half-year ended 31 December 2023 was Corporate, being the Australian head office and foreign exchange.

Segment accounting policies were the same as the Group's policies described in Note 1. There were no changes in segment accounting policies that had a material effect on the segment information. As at 31 December 2022 the Macadamia segment was accounted for as discontinued operations following a decision to divest this segment prior to that date. The divestment was completed in April 2023.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

3. INCOME AND EXPENSES

	Note	CONSOLIDATED	
		31 December 2023 \$'000	31 December 2022 \$'000
Total group			
(a) Other income			
Foreign exchange gains		1	412
Fair value gain on other financial liabilities		-	328
Total other income		1	740
(b) Finance income			
Gain on modification adjustment of host liability		-	655
Gain on modification of leases		-	36
Total finance income		-	691
(c) Other expenses			
Foreign exchange losses	4	122	2
Total other expenses		122	2
(d) Finance costs			
Convertible notes		-	552
Working capital financial facilities		-	6
Loss on modification adjustment of host liability		-	2,548
Interest on lease liabilities		-	22
Total finance costs		-	3,128

4. TRADE AND OTHER RECEIVABLES

On 22 February 2023 a Share Sale and Purchase agreement for Hawaiian Host LLC and HPP Acquisition LLC (together the “Buyer”) to acquire HPP America, Inc. (the United States-based holding company of MacFarms, LLC) was signed for consideration of US\$26.0 million gross of debt. This sale was completed on 14 April 2023 and net funds of c.US\$3.7 million were received from the buyer on 18 April 2023.

On 1 August 2023 the Group finalised and paid the final working capital and price adjustments of US\$430,000 (A\$650,000) of the sale with the Buyer.

Of the receivables outstanding at 31 December 2023, A\$4.6m relates to the escrowed amount in the USA (US\$3.9 million) net of relevant withholding taxes awaiting clearance from the Internal Revenue Service (IRS) of the United States. An unrealised foreign exchange loss of A\$122,000 was recognised against this receivable during the half-year.

5. DIVIDENDS PAID OR PROPOSED

No dividends have been paid or declared during the half-year ended 31 December 2023 (31 December 2022: \$ nil).

6. EVENTS AFTER THE REPORTING DATE

On 31 January 2024, the Company announced that, given the IRS delays in finalising the quantum and timing of US tax clearances, it was considering as an interim measure the following capital management initiatives:

- Unmarketable Parcel (UMP) buy-back – a minimum holding buy-back for holders of ‘unmarketable parcels’ of shares in the Company;¹ and

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

- Off-market buy-back – an equal access off-market share buy-back of less than 10% of the Company's shares on issue.

Details of the UMP buy-back were released on 6 February 2024, noting:

- the record date of 7.00pm (Sydney time) on Tuesday, 6 February 2024,
- the closing date of 5.00pm (Sydney time) on Friday, 22 March 2024,
- the remittance of proceeds date of Wednesday, 3 April 2024, and
- the buy-back price of \$0.042 per share.

Details of the Off-market buy-back were released on 23 February 2024, noting:

- the ex-date of Wednesday, 28 February 2024,
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- the opening date of Tuesday, 5 March 2024,
- the closing date of 5.00pm (Sydney time) on Friday, 5 April 2024,
- the remittance of proceeds date of Friday, 19 April 2024, and
- the buy-back price of \$0.042 per share.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the half-year which have significantly affected or may significantly affect the operations and results of the Group, other than what has been disclosed.

7. RELATED PARTY DISCLOSURES

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

Granting of Options to Directors

On 11 December 2023, the Company issued 25,000,000 options to Directors, as approved by the shareholders at the Annual General Meeting on 28 November 2023. Details of the Share-Based Payments are contained in note 8.

8. SHARE-BASED PAYMENTS

At the 28 Nov 2023 AGM for the Company, shareholders approved the grant of 15,000,000 share options to Mr Albert Tse (Executive Chair) and 10,000,000 share options to Mr Hugh Robertson (Director), in both cases through their nominee trust companies. These share options were granted on 11 December 2023 at an exercise price of \$0.06 (6 cents). The share options are not exercisable within the first 12 months of being issued and unexercised share options will expire on 11 December 2027. The Company will allot one Share for each share option exercised, accounted for as an equity-settled plan with no cash settlement alternatives.

The share options are not proposed to be quoted on ASX, accordingly, they have no easily identifiable market value. Therefore the fair value of the share options was estimated at the grant date using a Black-Scholes option valuation model, taking into account the terms and conditions on which the share options were granted. This resulted in an estimated value per share option of \$0.0071 (0.71 cents). The total fair value for the 25m share options at grant date (\$177,500) is expensed immediately.

The share-based payments recognised during the period are as follows:

	CONSOLIDATED	
	31 December 2023 \$'000	31 December 2022 \$'000
Expense recognised for services during the period		
Expense arising from equity-settled share-based payment transactions	178	-
Total expense arising from share-based payment transactions	178	-

The following table illustrates the number, weighted average exercise price (WAEP), and movements in share options during the period:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	CONSOLIDATED			
	2023 Number (‘000)	2023 WAEP (cents)	2022 Number (‘000)	2022 WAEP (cents)
Movements during the half-year				
Outstanding at 1 July	-	-	-	-
Granted during the half-year	25,000	6.0	-	-
Forfeited during the half-year	-	-	-	-
Expired during the half-year	-	-	-	-
Outstanding at 31 December	25,000	6.0	-	-
Exercisable at 31 December	-	-	-	-

The weighted average remaining contractual life for the share options outstanding at 31 December 2023 was 3.95 years (2022: n.a.). The weighted average fair value of each option granted during the half-year was 0.71 cents (2022: n.a.). The exercise price of each option outstanding at 31 December 2023 was 6.0 cents (2022: n.a.).

The following table summarises the inputs of the model used to price each Option at the grant date:

Prices (cents)	Key dates	Rates (%)	Model details
Fair value	0.71c	Grant date	11 December 2023
Spot price	4.20c	Dividend yield	Nil
Exercise price	6.00c	Expected volatility	30.0%
		Risk-free rate	4.13%
	Grant date	11 December 2023	Model used
	Vesting date	11 December 2024	Option style
	Expiry date	11 December 2027	Source
			Black-Scholes
			American vanilla
			Bloomberg

The expected life of the share options is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the Company’s historical volatility is not indicative of future trends and that an estimated market volatility is more likely to represent the future volatility of the Shares, which may not necessarily be the actual outcome.

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) the consolidated interim financial report of Health and Plant Protein Group Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulation 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Albert Tse

Executive Chair

Brisbane, 26 February 2024



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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Independent auditor's review report to the members of Health and Plant Protein Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Health and Plant Protein Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2023, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Susie Kuo'.

Susie Kuo
Partner
Brisbane
26 February 2024

