

**Biome Australia Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	Biome Australia Limited
ABN:	51 627 364 014
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	77.8% to	4,122,425
Loss from ordinary activities after tax attributable to the owners of Biome Australia Limited	down	15.6% to	(4,540,580)
Loss for the year attributable to the owners of Biome Australia Limited	down	15.6% to	(4,540,580)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$4,540,580 (30 June 2021: \$5,381,116).

*Financial Performance*

During the year, the Company experienced strong sales growth with revenue increasing by 77.8% to \$4,122,425 compared to the previous corresponding period (FY21 \$2,318,402). The strong sales growth has been driven primarily by Biome's Activated Probiotics, live biotherapeutics (probiotics).

Retail pharmacy partner, Terry White Chemmart and Blooms The Chemist and pharmacy wholesaler Symbion, reported that Biome's Activated Probiotics is the number one growth brand across both professional vitamin and the wider vitamin category for the 12 months to June 2022. The sales trajectory has also benefited from the progressive easing of the COVID-19 lockdown restrictions throughout Australia and the consequential return of active field sales.

The loss for the consolidated entity after providing for income tax amounted to \$4,540,580 (30 June 2021: \$5,381,116). Sales and marketing costs increased by \$142,892 to \$3,532,661 as a result of increased expenditure on promoting the Company's products.

During the financial year the Company strengthened its product portfolio through the launch of Biome Eczema, Biome Her, Biome Acne and Biome Baby probiotics opening up new patient customer segments. Feedback from customers (health professionals) has been favourable, reporting positive patient outcomes and improvements in eczema symptoms, acne lesions and female genitourinary health concerns following use of Biome Eczema, Biome Acne and Biome Her Probiotic, respectively. Biome Baby was launched late in the financial year and the business looks forward to sharing feedback on the product over the coming quarters.

Biome's largest distribution channel continues to be community pharmacy that is now further strengthened by the new partnership with Priceline Pharmacy. Recent launches into the health food and practitioner channels with distributors, Osborne Health, Rener Health, Ariya and Vital.ly have supported growth in this new channel. Independent health practitioners now represent more than 25% of Biome's total sales.

*Financial Position*

During the financial year, the Company went through an initial public offering (IPO) and raised \$8 million before IPO costs (cash costs of \$1 million, netting the Company \$7 million from the IPO) and had \$5,493,394 in cash as at 30 June 2022.

The net assets of the Company increased by \$4,944,919 from June 2021 to \$6,525,047 as at 30 June 2022 which was a result of the Company's IPO and capital raising.

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>3.26</u>	<u>0.52</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

This report is in the process of being audited. At the date of this report, the Directors are not aware of any matter that will result in a qualification of the audit report.

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**11. Attachments**

*Details of attachments (if any):*

Preliminary Financial Report for the year ended 30 June 2022

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**Biome Australia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue	4	4,122,425	2,318,402
Cost of goods sold		<u>(1,735,252)</u>	<u>(1,139,264)</u>
Gross profit		<u>2,387,173</u>	<u>1,179,138</u>
Other income	5	270,657	431,423
<b>Expenses</b>			
Sales and marketing expenses	6	(3,532,661)	(3,389,769)
Corporate and administrative expenses		(2,792,646)	(3,073,540)
Occupancy expenses		(205,538)	(132,617)
Depreciation, amortisation and impairments		(83,589)	(107,294)
Other expenses		(536,619)	(212,348)
Finance costs		<u>(47,357)</u>	<u>(76,109)</u>
<b>Loss before income tax expense</b>		<b>(4,540,580)</b>	<b>(5,381,116)</b>
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the year attributable to the owners of Biome Australia Limited</b>		<b>(4,540,580)</b>	<b>(5,381,116)</b>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Biome Australia Limited</b>		<b><u>(4,540,580)</u></b>	<b><u>(5,381,116)</u></b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	10	(2.57)	(2.18)
Diluted earnings per share	10	(2.57)	(2.18)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Biome Australia Limited**  
**Statement of financial position**  
**As at 30 June 2022**

	<b>Note</b>	<b>Consolidated</b> <b>30 June 2022</b>	<b>30 June 2021</b>
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,493,394	609,978
Trade and other receivables		794,148	738,824
Inventories		1,169,412	1,020,896
Other		55,939	24,634
<b>Total current assets</b>		<u>7,582,893</u>	<u>2,394,332</u>
<b>Non-current assets</b>			
Property, plant and equipment		46,504	105,593
Leasehold Improvements		128,191	-
Right-of-use assets		433,000	-
<b>Total non-current assets</b>		<u>607,695</u>	<u>105,593</u>
<b>Total assets</b>		<u>8,120,588</u>	<u>2,499,925</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		994,895	705,699
Borrowings		-	15,735
Lease liabilities		91,700	-
Employee benefits		133,598	133,598
Provisions		-	83
<b>Total current liabilities</b>		<u>1,220,193</u>	<u>855,115</u>
<b>Non-current liabilities</b>			
Borrowings		-	64,682
Lease liabilities		375,348	-
<b>Total non-current liabilities</b>		<u>375,348</u>	<u>64,682</u>
<b>Total liabilities</b>		<u>1,595,541</u>	<u>919,797</u>
<b>Net assets</b>		<u>6,525,047</u>	<u>1,580,128</u>
<b>Equity</b>			
Issued capital	7	20,639,835	9,830,488
Reserves	8	415,442	1,643,175
Accumulated losses		<u>(14,530,230)</u>	<u>(9,893,535)</u>
<b>Total equity</b>		<u>6,525,047</u>	<u>1,580,128</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Biome Australia Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**

	Issued capital \$	Subscribed share capital \$	Performance rights & options reserve \$	Accumulated losses \$	Total equity \$
<b>Consolidated</b>					
Balance at 1 July 2020	5,877,185	72,500	52,200	(5,052,349)	949,536
Loss after income tax expense for the year	-	-	-	(5,381,116)	(5,381,116)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(5,381,116)	(5,381,116)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	3,530,803	-	-	-	3,530,803
Exercise of performance rights	350,000	-	-	-	350,000
Transfer from subscribed share capital to ordinary shares	72,500	(72,500)	-	-	-
Options expired	-	-	(17,400)	17,400	-
Performance rights expired	-	-	(9,500)	95,000	85,500
Cancellation of performance rights	-	-	(427,530)	427,530	-
Share based payments	-	-	2,045,405	-	2,045,405
Balance at 30 June 2021	<u>9,830,488</u>	<u>-</u>	<u>1,643,175</u>	<u>(9,893,535)</u>	<u>1,580,128</u>

	Issued Capital \$	Options Reserves \$	Performance Rights \$	Accumulated losses \$	Total equity \$
<b>Consolidated</b>					
Balance at 1 July 2021	9,830,488	83,205	1,559,970	(9,893,535)	1,580,128
Loss after income tax expense for the year	-	-	-	(4,540,580)	(4,540,580)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,540,580)	(4,540,580)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	8,508,210	-	-	-	8,508,210
Share-based payments	-	405,734	-	-	405,734
Exercise of performance rights	2,301,137	-	(2,301,137)	-	-
Cancellation of options	-	(73,497)	-	59,437	(14,060)
Issue of performance rights	-	-	585,615	-	585,615
Transfer to accumulated losses	-	-	155,552	(155,552)	-
Balance at 30 June 2022	<u>20,639,835</u>	<u>415,442</u>	<u>-</u>	<u>(14,530,230)</u>	<u>6,525,047</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Biome Australia Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2022**

	<b>Note</b>	<b>Consolidated</b>	
		<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		4,066,491	1,893,028
Payments to suppliers (inclusive of GST)		(7,758,086)	(4,652,432)
R&D tax refund		223,275	179,257
ATO COVID-19 incentives		-	124,000
Export Market Development Grant		46,530	87,419
Interest paid		-	(24,812)
Interest received		852	406
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities	30	(3,420,938)	(2,393,134)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment - leasehold improvements	13	(128,191)	(67,765)
Proceeds from disposal of property, plant and equipment		28,850	39,000
		<u>                    </u>	<u>                    </u>
Net cash used in investing activities		(99,341)	(28,765)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	22	9,678,651	2,636,292
Repayments for lease liabilities		(57,188)	-
Proceeds from borrowings		170,000	266,581
Share issue transaction costs		(1,137,351)	(45,870)
Repayment of borrowings		(250,417)	(273,993)
		<u>                    </u>	<u>                    </u>
Net cash from financing activities		8,403,695	2,583,010
Net increase in cash and cash equivalents		4,883,416	161,111
Cash and cash equivalents at the beginning of the financial year		609,978	448,867
		<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial year	9	<u><u>5,493,394</u></u>	<u><u>609,978</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 1. General information**

The financial statements cover Biome Australia Limited as a consolidated entity consisting of Biome Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Biome Australia Limited's functional and presentation currency.

Biome Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

<b>Registered office</b>	<b>Principal place of business</b>
16 Dover Street Cremorne Victoria 3121	16 Dover Street Cremorne Victoria 3121

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Biome Australia Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Biome Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2022**

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The company is organised into one operating segment: researching, developing, manufacturing and distributing innovative evidence-based products linking the gut and human health. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

**Note 4. Sales revenue**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Sales - Domestic	3,819,677	2,061,861
Sales - International	293,234	245,028
Other Sales	9,514	11,513
	<u>4,122,425</u>	<u>2,318,402</u>

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Government grants	46,530	-
Gain on sale of property, plant and equipment	-	4,493
Interest income	852	254
Partner contributions to clinical trials	-	36,000
R&D tax refund	223,275	179,257
Government COVID-19 incentives	-	124,000
Export Market Development Grant	-	87,419
	<u>270,657</u>	<u>431,423</u>



**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Selling and marketing expenses</b>		
Employee costs	1,790,153	1,311,328
Sales & marketing expenses	1,191,163	761,174
Travel expenses	178,108	217,558
Distribution expenses	373,237	119,112
Share based payments	-	980,597
	<u>3,532,661</u>	<u>3,389,769</u>
	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Corporate and administrative expenses</b>		
Employee costs	1,235,072	656,961
Consulting fees	351,785	234,563
Accounting fees	104,599	73,522
IT expenses	310,902	108,827
Insurance	67,835	32,668
Secretarial fees	35,000	29,286
Legal fees	203,079	6,323
Other administrative expenses	16,810	11,500
Share based payments	467,564	1,919,890
	<u>2,792,646</u>	<u>3,073,540</u>
	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation, amortisation and impairments</b>		
Depreciation expense	26,400	86,683
Amortisation expense	57,189	20,611
	<u>83,589</u>	<u>107,294</u>
	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Finance costs</b>		
Interest expense	12,638	61,464
Interest expense on leases/right of use assets	13,526	-
Bank charges	2,672	6,315
Settlement discount	8,498	8,330
Merchant fees	3,369	-
Foreign exchange (gains)/losses	6,050	-
Bad debts	604	-
	<u>47,357</u>	<u>76,109</u>

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 7. Equity - issued capital**

	<b>Consolidated</b>			
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>199,909,857</u>	<u>301,464,273</u>	<u>20,639,835</u>	<u>9,830,488</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2020	230,771,395		5,877,185
Transfer from subscribed share capital to ordinary shares		1,208,333	-	72,500
Issue of shares	28 July 2020	165,000	\$0.06	9,900
Issue of shares	1 September 2020	2,903,333	\$0.06	174,200
Issue of shares	31 October 2020	5,027,759	\$0.06	293,266
Issue of shares	11 November 2020	9,443,336	\$0.06	566,600
Issue of shares	11 January 2021	5,333,334	\$0.06	320,000
Issue of shares	1 March 2021	3,083,333	\$0.06	185,000
Issue of shares	12 March 2021	3,756,667	\$0.06	225,400
Issue of shares	19 March 2021	125,000	\$0.06	7,500
Issue of shares	26 March 2021	865,469	\$0.06	51,928
Issue of shares	29 March 2021	666,668	\$0.06	40,000
Issue of shares	26 April 2021	1,866,666	\$0.06	112,000
Issue of shares	13 May 2021	1,666,667	\$0.06	100,000
Issue of shares	27 May 2021	833,333	\$0.06	50,000
Issue of shares	1 June 2021	1,666,667	\$0.06	100,000
Issue of shares	11 June 2021	833,334	\$0.06	50,000
Issue of shares	15 June 2021	5,897,980	\$0.06	353,879
Issue of shares	16 June 2021	1,666,667	\$0.06	100,000
Issue of shares	18 June 2021	1,400,000	\$0.06	84,000
Issue of shares	21 June 2021	1,666,667	\$0.06	100,000
Issue of shares	22 June 2021	3,666,667	\$0.06	220,000
Issue of shares	23 June 2021	2,749,999	\$0.06	165,000
Issue of shares	23 June 2021	11,700,000	\$0.04	468,000
Issue of shares	28 June 2021	1,666,666	\$0.06	100,000
Issue of shares	30 June 2021	833,333	\$0.06	50,000
Capital raising costs		-	-	(45,870)
Balance	30 June 2021	301,464,273		9,830,488
Issue of shares	19 July 2021 - 31 August 2021	27,976,494	\$0.06	1,678,651
Exercise of performance rights	3 & 18 August 2021	12,647,708	\$0.06	758,862
Consolidation of capital on a 2.3 : 1 basis	18 October 2021	(193,354,525)	-	-
Issue of shares through initial public offering	24 November 2021	40,000,000	\$0.20	8,000,000
Conversion of performance rights	24 November 2021	11,175,907	\$0.13	1,542,275
Capital raising costs		-	-	(1,170,441)
Balance	30 June 2022	<u>199,909,857</u>		<u>20,639,835</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 7. Equity - issued capital (continued)**

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the [DATE] Annual Report.

**Note 8. Equity - reserves**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Share option reserve & performance rights	<u>415,442</u>	<u>1,643,175</u>

**Note 9. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 10. Earnings per share**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Biome Australia Limited	<u>(4,540,580)</u>	<u>(5,381,116)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>176,427,317</u>	<u>246,785,381</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>176,427,317</u>	<u>246,785,381</u>
<i>The weighted average number of shares were adjusted for share consolidation of 2.3 to 1 for the whole of the current period. Prior period weighted average number of shares were pre-consolidation.</i>		
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.57)	(2.18)
Diluted earnings per share	(2.57)	(2.18)