

ASX ANNOUNCEMENT

31 July 2023

Biome Australia: Quarterly Activities & Cashflow Report

- Biome records highest quarterly sales of \$2.01m for June quarter, up 45% vs previous corresponding period (PCP)
- Same-store sales in pharmacy increase 27% from Q3 to Q4 FY23
- 59% Gross margin for Q4
- Biome invests additional \$530k into building inventory, increasing inventory value to \$3m, to support additional shelf space with key health retail partners and upcoming product launches
- Receivables increase by \$580k due to improved sales and timing of receipts
- The company is sufficiently funded to implement its strategy for FY24

Microbiome health company **Biome Australia Limited** (ASX: BIO) ('Biome' or 'the company') is pleased to provide its Appendix 4C and Activity Report for the quarter ended 30 June 2023.

Biome reports its strongest quarterly revenue to date in Q4 with sales of \$2.01m – up 45% from the previous corresponding period.

Notably, same-store sales for *Activated Probiotics*®, within the pharmacy channel, have grown by 27% from Q3 to Q4 FY23 driven by Biome's education and sales team.

Biome Australia's Managing Director and Founder, Blair Vega Norfolk, said:

"Following another record quarter of revenue, Biome management continues to manage cashflow to support our exceptional growth. In implementing our debt facility, we now have a cost-effective way of managing the timing of receipts throughout any given quarter, alongside planning for growth with strategic inventory management. I'm pleased to report that Biome's key operating costs have been contained and the board and I look forward to sharing further positive updates throughout FY24."



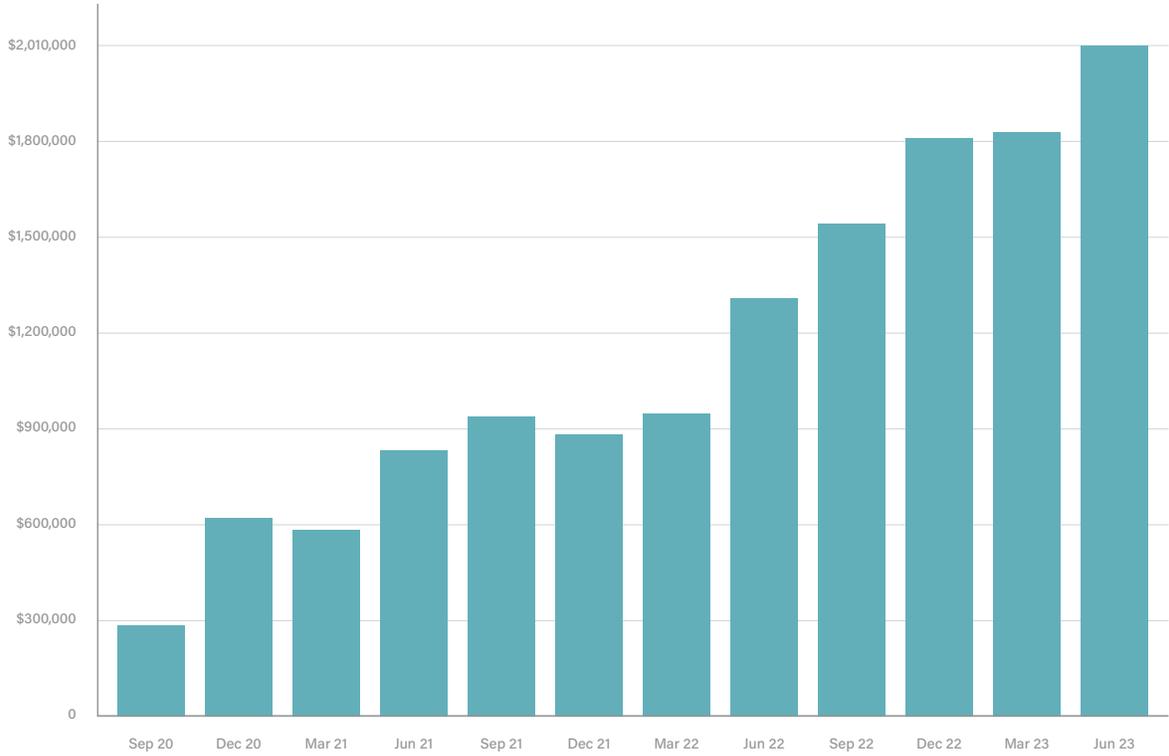
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Quarterly Sales Revenue



Biome continues to invest in inventory, in line with revenue growth and new product development, to ensure supply chain timelines and stability. Biome’s net inventory increase for the quarter was \$530k with a closing value of \$3m at 30 June 2023 vs \$1.7m at 30 June 2022 (PCP) – an increase of \$1.3m over the full year. This strategic inventory build demonstrates management’s expectations of growth for FY24.

In Q4 FY 2023, accounts receivable increased by \$580k vs the previous quarter while maintaining a gross margin of 59%. Additionally, Biome began utilising the company’s more cost-effective line of credit (see 28 June 2023 update) rather than incurring higher costs for the early payment of receivables from customers. Customer receipts for the quarter totalled \$1.48m, down from \$2.06m for Q3 FY23 due to timing of customer payments. The operating cash balance (item 4.6) for the quarter is a result of the utilisation of the company’s debt facility (\$645,240 drawn) instead of incurring early payment costs, as well as inventory loading and new product development. Customer receipts are expected to be significantly higher during the current quarter.



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Cash at the end of the quarter was \$2.26m. Full details of cash flow for the quarter can be found in Appendix 4C, below.

Cash usage in the quarter can be summarised as follows:

\$530k	cash used in inventory increase
\$580k	increase in receivables
<u>\$340k</u>	other company operating costs
<u>(\$1.45m)</u>	cash used in the quarter

During the June quarter, Biome received final results from the *Biome Lift*[™] clinical trial, demonstrating positive outcomes in several mental health measures (refer to 6 July announcement) – a material achievement for Biome in its pursuit to provide new solutions to support healthy patients struggling with depressive symptoms. The *Biome Lift*[™] trial, in partnership with La Trobe University, is the third randomised, double blind, placebo-controlled clinical trial on *Biome Lift*[™], one of the most well-evidenced gut-brain axis and mental health probiotics in the global market. These results further strengthen Biome’s extensive portfolio of clinically proven, live biotherapeutic products.

Company Financial and Corporate Overview

Net cash outflow from operating activities for the quarter was \$1.46m (previous quarter net cash outflow of \$398k).

Cash at the end of the quarter was \$2.26m (31 Dec 2022: \$3.13m) with \$700k available for drawdown under the existing revolving debt facility with TP24.

In Q4 FY23, the Company received \$1.48m (previous quarter \$2.09m) in cash receipts from customers, a reduction of \$615k – the result of timing of invoices and payments, and delivery of goods under existing trading terms with customers. The resulting increase in accounts receivable is offset by drawing down on the company’s debt facility.

The table below illustrates the expenditure comparison against the Company’s ‘Use of proceeds table’ in the Prospectus, dated 19 October 2021:



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Use of proceeds	Amount budgeted in Prospectus	Actual amount spent to date
Inventory	\$2.4 million	\$1.93 million
Sales & Marketing	\$2.15 million	\$1.44 million
New Product Development	\$0.5 million	\$0.3 million
Administrative & Working Capital	\$1.95 million	\$1.0 million
Costs of the Offer	\$1 million	\$1.07 million
Total	\$8 million	\$5.74 million

Table 1: Use of funds

The Company notes that in the June 2023 quarter, the Company paid \$147,865 to Directors of the Company in fees, salaries and superannuation payments, as follows:

- Executive Director \$114,457
- Non-executive Directors \$33,408



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Appendix 4C

Quarterly cash flow report for entities

subject to Listing Rule 4.7B

Name of entity

BIOME AUSTRALIA LIMITED (BIO)

ABN

51 627 364 014

Quarter ended ("current quarter")

JUNE 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...12...months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,476	6,576
1.2	Payments for		
	(a) research and development	(72)	(306)
	(b) inventory & fulfilment	(1,498)	(4,202)
	(c) other operating costs	(22)	(97)
	(d) sales, advertising and marketing	(385)	(1,482)
	(e) staff costs	(796)	(3,382)
	(f) administration and corporate costs	(171)	(727)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	18



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1.5	Interest and other costs of finance paid	(6)	(22)
1.6	Income taxes & FBT paid	-	-
1.7	Government grants including EMDG and R&D tax rebate incentives	7	371
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,461)	(3,253)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(9)	(57)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (*leasehold improvements)	-	(393)
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)	-	-



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2.5	Other (**bank guarantee)	-	-
2.6	Net cash from / (used in) investing activities	(9)	(450)

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 issue of options	-	0.5
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	645	645
3.6	Payments for lease liabilities	(24)	(91.5)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	621	554

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,133	5,493
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,461)	(3,253)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(450)



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4.4	Net cash from / (used in) financing activities (item 3.10 above)	621	554
4.5	Effect of movement in exchange rates on cash held	(23)	(83)
4.6	Cash and cash equivalents at end of period	2,261	2,261

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	2,261	2,261
5.2	Call deposits	-	-
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)	2,261	2,261

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	148
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The amount paid to Directors of the Company during the quarter was \$147,865 in fees, salaries and superannuation payments, as follows:

· Executive Director \$114,457



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7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>		
7.1	Loan facilities (*)	1,200	500
7.2	Credit standby arrangements	Nil	n/a
7.3	Other (Amex Business Loan**)	145	145
7.4	Total financing facilities	1,345	645
7.5	Unused financing facilities available at quarter end		700
7.6	<p>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.</p>		
	<p>(*) Biome Australia Trading Pty Ltd ("Biome Trading") a wholly owned subsidiary of The Company has entered into a \$1.2 million secured debt facility ("Facility") with Tradeplus24 (TP24) for working capital purposes to fund future growth.</p>		
	<p>The current interest rate of the Facility is 10.6872% per annum, with a portion tied to the 30-day bank Bill Swap Rate ("BBSW") bid rate as at midday on the first working day of each month plus a fixed margin of 6.8%. The Facility has a facility fee of 1.8% per annum. The Facility is repayable by 31 July 2024 and is secured by a General Security Agreement over the whole of Biome Trading's assets, a first ranking priority charge over the whole of Biome Trading's receivables (debtor) book and a Deed of Guarantee and Indemnity from the Company, supported by a General Security Agreement over the whole of the assets of the Company as well as a Deed of Subordination over intercompany loans. It is the company's intention to seek a renewal of this facility before the end of FY24 if required.</p>		
	<p>(**) Biome Australia Trading Pty Ltd ("Biome Trading") a wholly owned subsidiary of The Company has entered into a 3-year \$150,000 unsecured business loan agreement with American Express for working capital purposes. The interest rate of this loan is 12.95% p.a., calculated daily with weekly repayments. The loan balance as at 30 June 2023 is \$145,00 and loan may be repaid at any time without penalty.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,452)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,261
8.3	Unused finance facilities available at quarter end (item 7.5)	700
8.4	Total available funding (item 8.2 + item 8.3)	2,961
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.03

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.

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?

Answer:

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?

Answer:

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?

Answer:

n/a

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.



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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 JULY 2023

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.



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Upcoming Activities		
1	<i>Biome Dental™ Probiotic</i> product launch	August 2023
2	<i>Biome Lax™ Probiotic</i> product launch	August 2023
3	<i>Biome Recovery™ Probiotic</i> product launch	August 2023
4	<i>Biome Osteo™ Clinical Trial</i>	Recruitment Completes in Q1 FY24
5	<i>Biome Daily Kids™ Clinical Trial</i>	Preliminary Results Q2 FY24

Approved for release by the Biome Australia board of directors.

About Biome Australia Limited

Biome Australia develops, licenses, commercialises and markets innovative, evidence-based live biotherapeutics (probiotics) and complementary medicines, many of which are supported by clinical research. Biome aims to improve health outcomes and quality of life and make its products accessible to all.

Incorporated in Australia in 2018, Biome distributes locally and abroad. In partnership with some of the world's leading organisations in microbiome research and development, Biome produced several unique live biotherapeutic (probiotic) products with innovative delivery technologies that improve their stability and efficacy to create its flagship range of complementary medicines: [Activated Probiotics®](#).

Supported by clinical research, including randomised double-blind placebo-controlled trials, Activated Probiotics help prevent and support the management of various health concerns, including low mood and sleep, bone health, iron malabsorption, mild eczema and IBS. Through practitioner-only distribution, Biome is committed to educating health professionals on the newfound systemic health effects of the gut microbiota, helping them to provide innovative, evidence-based natural medicines for the management of some of humanity's most prevalent and chronic health concerns.



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Forward looking statements

*This release may contain forward looking statements, including but not limited to projections, guidance on future revenues, earnings, other potential synergies and estimates and the future performance of Biome (**Forward Looking Statements**).*

Forward Looking Statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such Forward Looking Statements and any projections and assumptions on which these Forward Looking Statements are based. Such statements may assume the success of Biome's business strategies. You are cautioned not to place undue reliance on Forward Looking Statements.

The Forward Looking Statements are based on information available to Biome as at the date of this release. Any Forward Looking Statements containing forward looking financial information provided in this release is for illustrative purposes only and is not represented as being indicative of Biome's views on its future financial condition and/or performance. The historic financial information for the September 2021 financial quarter and revenue figures for October and November 2021 have not been audited or reviewed by Biome's auditors. Such information should not be taken as a guide for future performance.

Nothing in this release is a promise or representation as to the future. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any Forward Looking Statements contained in this release. Except as required by law or regulation (including the ASX Listing Rules), Biome does not undertake to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise.

To the maximum extent permitted by law, Biome excludes and expressly disclaims all liabilities in respect of, and makes no representation or warranty, express or implied as to the fairness, currency, accuracy, reliability or completeness of information in this release or the accuracy, likelihood of achievement or reasonableness of any Forward Looking Statements (or any event or results expressed or implied in any Forward Looking Statements) contained in, implied by, the information in this release or any part of it, or that this release contains all material information about Biome or which a prospective investor or purchaser may require in evaluating a possible investment in Biome or acquisition of securities in Biome.

Investors are strongly cautioned not to place undue reliance on Forward Looking Statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the Covid-19 pandemic.



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