

**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 2023
Previous period:	For the year ended 30 June 2022

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

			\$
Revenues from ordinary activities	up	75.5% to	7,235,611
Loss from ordinary activities after tax attributable to the owners of Biome Australia Limited	down	32.2% to	(3,078,527)
Loss for the year attributable to the owners of Biome Australia Limited	down	32.2% to	(3,078,527)

*Dividends*

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

*Comments*

The Company recorded revenue of \$7,235,611 for the year, an increase of 75.5% compared to previous corresponding period (FY22). The loss for the consolidated entity after providing for income tax decreased by 32.2% and amounted to \$3,078,527 (30 June 2021: \$4,540,580).

*Financial Performance*

The Company continued to experience strong sales growth during the year with revenue increasing by 75.5% to \$7,235,611 compared to the previous corresponding period (FY22 \$4,122,425). The strong sales growth has been driven by Biome's Activated Probiotics, range of live biotherapeutics (probiotics).

Following a successful launch into Wesfarmers-owned, Wesfarmers Health and Priceline Pharmacy, Activated Probiotics became the fastest-growing brand in the professional vitamin category across Priceline Pharmacy stores. Activated Probiotics also continues to be the number one growth brand in Terry White Chemmart, Australia's largest pharmacy group, and with the national pharmacy distributors, API and Symbion. Biome recorded strong growth in community pharmacy sales with a 27% increase in same-store-sales between Q3 and Q4 FY23. At the close of FY23, Biome's Activated Probiotics was available through more than 4000 distribution points nationally with a gross margin of 59%. Practitioner channel sales continue to grow and accounted for 35% of total sales revenue for the year, growing by over 90% compared to the previous corresponding period.

Sales and marketing costs increased by \$1,327,837 to \$4,930,498 because of increased expenditure on promoting the Company's products. Total operating expenses for the year increased by \$545,390 or 7.58% to \$7,743,800 against a revenue increase of 75.5%. The result was a loss for the consolidated entity after providing for income tax of \$3,078,527, a reduction of 32.2% from FY22 (30 June 2022: \$4,540,580).

*Financial Position*

The Company has \$2,260,764 in cash as at 30 June 2023 and a further \$700,000 in undrawn credit facility.

The net assets of the Company decreased by \$2,938,782 from June 2022 to \$3,586,265 as at 30 June 2023 which was a result of funding the Company's operations for the year.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>1.78</u>	<u>3.26</u>

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**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.

**7. Dividend reinvestment plans**

Not applicable.

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

Not applicable.

**9. Foreign entities**

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

Not applicable.

**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.

**11. Attachments**

*Details of attachments (if any):*

Preliminary Financial Report for the year ended 30 June 2023

**Biome Australia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue	5	7,235,611	4,122,425
Cost of goods sold		<u>(2,960,083)</u>	<u>(1,735,252)</u>
Gross profit		<u>4,275,528</u>	<u>2,387,173</u>
Other income	6	389,745	270,657
<b>Expenses</b>			
Sales and marketing expenses	7	(4,930,498)	(3,602,661)
Corporate and administrative expenses	7	(2,244,947)	(2,792,646)
Occupancy expenses		(157,568)	(205,538)
Depreciation, amortisation and impairments	7	(220,377)	(83,589)
Other expenses		(76,513)	(466,619)
Finance costs	7	<u>(113,897)</u>	<u>(47,357)</u>
<b>Loss before income tax expense</b>		<b>(3,078,527)</b>	<b>(4,540,580)</b>
Income tax expense	8	<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the year attributable to the owners of Biome Australia Limited</b>	<b>24</b>	<b>(3,078,527)</b>	<b>(4,540,580)</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>(3,078,527)</u></b>	<b><u>(4,540,580)</u></b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	32	(1.53)	(2.57)
Diluted earnings per share	32	(1.53)	(2.57)

*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 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,260,764	5,493,394
Trade and other receivables	10	1,443,044	794,148
Inventories	11	3,021,314	1,300,075
Other	12	45,902	55,939
Total current assets		<u>6,771,024</u>	<u>7,643,556</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	453,295	174,695
Right-of-use assets	14	334,963	433,000
Total non-current assets		<u>788,258</u>	<u>607,695</u>
<b>Total assets</b>		<u>7,559,282</u>	<u>8,251,251</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	2,274,371	1,125,558
Borrowings	16	125,018	-
Lease liabilities	17	99,584	91,700
Employee benefits	18	487,413	133,598
Total current liabilities		<u>2,986,386</u>	<u>1,350,856</u>
<b>Non-current liabilities</b>			
Borrowings	19	645,240	-
Lease liabilities	20	275,765	375,348
Employee benefits	21	65,626	-
Total non-current liabilities		<u>986,631</u>	<u>375,348</u>
<b>Total liabilities</b>		<u>3,973,017</u>	<u>1,726,204</u>
<b>Net assets</b>		<u>3,586,265</u>	<u>6,525,047</u>
<b>Equity</b>			
Issued capital	22	20,764,055	20,639,835
Reserves	23	421,257	415,442
Accumulated losses	24	<u>(17,599,047)</u>	<u>(14,530,230)</u>
<b>Total equity</b>		<u>3,586,265</u>	<u>6,525,047</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 2023**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Option Reserves \$</b>	<b>Performance rights \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</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 (note 22)	8,508,210	-	-	-	8,508,210
Share-based payments (note 33)	-	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>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Option Reserves \$</b>	<b>Performance rights \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	20,639,835	415,442	-	(14,530,230)	6,525,047
Loss after income tax expense for the year	-	-	-	(3,078,527)	(3,078,527)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,078,527)	(3,078,527)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	124,220	-	-	-	124,220
Share-based payments (note 33)	-	15,525	-	-	15,525
Cancellation of options	-	(9,710)	-	9,710	-
Balance at 30 June 2023	<u>20,764,055</u>	<u>421,257</u>	<u>-</u>	<u>(17,599,047)</u>	<u>3,586,265</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 2023**

	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		6,586,715	4,066,491
Payments to suppliers (inclusive of GST)		(10,493,590)	(7,771,612)
R&D tax refund		327,739	223,275
Export Market Development Grant and State Government grants		43,600	46,530
Interest paid on lease liabilities		20,225	13,526
Interest received		18,406	852
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities	31	<u>(3,496,905)</u>	<u>(3,420,938)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(400,939)	(128,191)
Proceeds from disposal of property, plant and equipment		-	28,850
		<u>                    </u>	<u>                    </u>
Net cash used in investing activities		<u>(400,939)</u>	<u>(99,341)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	22	500	9,678,651
Repayments for lease liabilities		(91,700)	(57,188)
Proceeds from borrowings		770,258	170,000
Share issue transaction costs		(13,844)	(1,137,351)
Repayment of borrowings		-	(250,417)
		<u>                    </u>	<u>                    </u>
Net cash from financing activities		<u>665,214</u>	<u>8,403,695</u>
Net increase/(decrease) in cash and cash equivalents		(3,232,630)	4,883,416
Cash and cash equivalents at the beginning of the financial year		<u>5,493,394</u>	<u>609,978</u>
		<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial year	9	<u><u>2,260,764</u></u>	<u><u>5,493,394</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 2023**

**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:

**Registered office**  
192-194 Johnston Street  
Collingwood Victoria 3066

**Principal place of business**  
192-194 Johnston Street  
Collingwood Victoria 3066

**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 29.

**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 2023 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'.

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.

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Note 4. 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 5. Sales revenue**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
Sales - Domestic	6,775,876	3,819,677
Sales - International	459,735	293,234
Other Sales	-	9,514
	<u>7,235,611</u>	<u>4,122,425</u>

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
EMDG - Export Market Development Grant	36,600	43,530
Victorian government grant	7,000	3,000
Interest income	18,406	852
R&D tax refund	327,739	223,275
Other income	<u>389,745</u>	<u>270,657</u>

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
<b>Selling and marketing expenses</b>		
Employee costs	2,030,136	1,790,153
Sales & marketing expenses	1,533,202	1,261,163
Travel expenses	322,971	178,108
Distribution expenses	931,625	373,237
Share based payments	112,564	-
	<u>4,930,498</u>	<u>3,602,661</u>

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 7. Expenses (continued)**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Corporate and administrative expenses</b>		
Employee costs	1,534,815	1,235,072
Consulting fees	60,781	351,785
Accounting fees	106,285	104,599
IT expenses	292,986	310,902
Insurance	75,131	67,835
Secretarial fees	71,281	35,000
Legal fees	76,558	203,079
Other administrative expenses	2,110	16,810
Share based payments	25,000	467,564
	<u>2,244,947</u>	<u>2,792,646</u>
	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation, amortisation and impairments</b>		
Depreciation expense	122,339	26,400
Depreciation expense on right-of-use asset	98,038	57,189
	<u>220,377</u>	<u>83,589</u>
	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Finance costs</b>		
Interest expense	2,206	12,638
Interest expense on leases/right-of-use assets	20,224	13,526
Bank charges	3,584	2,672
Settlement discount	-	8,498
Merchant fees	5,271	3,369
Foreign exchange (gains)/losses	82,612	6,050
Bad debts	-	604
	<u>113,897</u>	<u>47,357</u>

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 8. Income tax expense**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,078,527)	(4,540,580)
Tax at the statutory tax rate of 25%	(769,632)	(1,135,145)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D refund	(81,935)	(55,819)
R&D expenses	187,500	103,448
Share-based payments	34,391	116,891
Timing differences not recognised	135,410	189,256
	(494,266)	(781,369)
Current year tax losses not recognised	494,266	781,369
Income tax expense	-	-
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	11,416,558	9,439,495
Potential tax benefit @ 25%	2,854,140	2,359,874

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed and the Group generates sufficient taxable earnings.

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	2,260,764	5,493,394

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	1,443,044	793,663
Other receivables	-	485
	1,443,044	794,148

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 11. Current assets - inventories**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Raw materials - at cost	253,170	-
Finished goods - at cost	2,971,489	1,555,941
Provision for slow moving and obsolete stock	(203,345)	(255,866)
	<u>3,021,314</u>	<u>1,300,075</u>

**Note 12. Current assets - other**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Other	15,652	1,055
Bank deposit	30,250	54,884
	<u>45,902</u>	<u>55,939</u>

**Note 13. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Property, plant and equipment - at cost	631,509	230,569
Less: Accumulated depreciation	(178,214)	(55,874)
	<u>453,295</u>	<u>174,695</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Furniture, Fixtures and Fittings	Motor Vehicles	Leasehold Improvement	Office Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	105,593	-	-	105,593
Additions	-	-	128,191	-	128,191
Disposals	-	(32,689)	-	-	(32,689)
Depreciation expense	-	(26,400)	-	-	(26,400)
	<u>-</u>	<u>46,504</u>	<u>128,191</u>	<u>-</u>	<u>174,695</u>
Balance at 30 June 2022	-	46,504	128,191	-	174,695
Additions	21,770	-	345,633	33,536	400,939
Depreciation expense	(937)	(26,400)	(92,906)	(2,096)	(122,339)
	<u>20,833</u>	<u>20,104</u>	<u>380,918</u>	<u>31,440</u>	<u>453,295</u>
Balance at 30 June 2023	<u>20,833</u>	<u>20,104</u>	<u>380,918</u>	<u>31,440</u>	<u>453,295</u>

**Biome Australia Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 14. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Right-of-use assets	490,189	490,189
Accumulated depreciation	(155,226)	(57,189)
	<u>334,963</u>	<u>433,000</u>

**Note 15. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables	<u>2,274,371</u>	<u>1,125,558</u>

Refer to note 26 for further information on financial instruments.

**Note 16. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Loans - other (refer note 28 related party transactions)	<u>125,018</u>	<u>-</u>

Refer to note 26 for further information on financial instruments.

**Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	<b>Total undiscounted lease liabilities</b>	<b>Lease liabilities included in this Statement Of Financial Position</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2023</b>					
Lease liabilities	115,283	292,630	-	407,913	375,349
<b>2022</b>					
Lease liabilities	111,925	407,913	-	519,838	467,048

The amounts recognised in the statement of profit or loss and other comprehensive income relating to interest expense on lease liabilities and short-term leases or leases of low value assets are shown below:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Interest expense on lease liabilities	20,224	13,526
Depreciation expense	98,038	57,189
	<u>118,262</u>	<u>70,715</u>

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**Note 17. Current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Lease liability	99,584	91,700

**Note 18. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Annual leave	187,413	133,598
Employee benefits	300,000	-
	<u>487,413</u>	<u>133,598</u>

**Note 19. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Business loan (refer note 28 related party transactions)	145,240	-
Trade finance facility (refer to note 29 re. guarantees entered into by the parent entity)	500,000	-
	<u>645,240</u>	<u>-</u>

**Note 20. Non-current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Lease liability	275,765	375,348

**Note 21. Non-current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Long service leave	65,626	-

**Note 22. Equity - issued capital**

	<b>Consolidated</b>			
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	201,812,546	199,909,857	20,764,055	20,639,835

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**Note 22. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 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	199,909,857		20,639,835
Employee incentive plan	18 January 2023	1,902,689	\$0.0723	137,564
Issue of unlisted options	31 March 2023	-	-	500
Capital raising costs		-	-	(13,844)
Balance	30 June 2023	<u>201,812,546</u>		<u>20,764,055</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.

*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.

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**Note 23. Equity - reserves**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
Share option and performance rights reserves	421,257	415,442

**Note 24. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
Accumulated losses at the beginning of the financial year	(14,530,230)	(9,893,535)
Loss after income tax expense for the year	(3,078,527)	(4,540,580)
Cancellation of options	9,710	59,437
Transfer from reserves	-	(155,552)
Accumulated losses at the end of the financial year	<u>(17,599,047)</u>	<u>(14,530,230)</u>

**Note 25. Equity - dividends**

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

**Note 26. Financial instruments**

***Financial risk management objectives***

The consolidated entity's principal financial instruments comprise cash, short term deposits and equity investments. The main purpose of the cash and term deposit is to earn the maximum amount of interest at a low risk to the consolidated entity. The consolidated entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the consolidated entity's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the consolidated entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

***Foreign currency risk***

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

***Price risk***

The consolidated entity is not exposed to any significant price risk.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. At 30 June 2023, the consolidated entity's cash/cash equivalents (note 9) are variable interest rate instruments earning approximately 3.80% p.a. at call interest.

**Note 26. Financial instruments (continued)**

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity only transacts with entities that are rated the equivalent of investment grade and above. The consolidated entity's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually. The consolidated entity does not have any borrowings and therefore does not have any associated credit risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

***Liquidity risk***

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 27. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by JTP Assurance, the auditor of the company:

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - JTP Assurance</i>		
Audit or review of the financial statements	<u>36,000</u>	<u>32,000</u>

**Note 28. Related party transactions**

***Parent entity***

Biome Australia Limited is the parent entity.

***Transactions with related parties***

The CFO provided a personal guarantee on a 3-year American Express Business Loan with an outstanding loan balance of \$145,240 as at 30 June 2023 (2022: Nil).

***Loans to/from related parties***

There was an outstanding interest free loan owing to the CFO of \$125,018 as at 30 June 2023 (2022: Nil).

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**Note 29. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(297,724)</u>	<u>(1,313,668)</u>
Total comprehensive income	<u>(297,724)</u>	<u>(1,313,668)</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Total current assets	<u>1,066,820</u>	<u>3,619,279</u>
Total assets	<u>16,901,618</u>	<u>17,069,307</u>
Total current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Equity		
Issued capital	20,764,055	20,639,835
Share option and performance rights reserves	421,257	415,442
Accumulated losses	<u>(4,283,694)</u>	<u>(3,985,970)</u>
Total equity	<u><u>16,901,618</u></u>	<u><u>17,069,307</u></u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity has entered into a Deed of Guarantee and Indemnity in relation to a \$1.2 million (2022: \$Nil) secured debt facility of its wholly owned subsidiary, Biome Australia Trading Pty Ltd with AMAL Trustees Pty Ltd as at 2023.

*Interest in subsidiaries*

	<b>Principal place of business / Country of Incorporation</b>	<b>Percentage Owned 2023 %</b>	<b>Percentage Owned 2022 %</b>
Subsidiaries:			
Biome Australia Trading Pty Ltd	Melbourne, Victoria, Australia	100%	100%
Biome Australia IP Pty Ltd	Melbourne, Victoria, Australia	100%	100%

*Contingent liabilities*

As outlined in Section 6.7.1 of the Prospectus dated 19 October 2021 the Managing Director is entitled to a long term incentive (LTI) should specified consolidated revenue targets be delivered over a three year period. The maximum liability under this plan is \$1,000,000 to be earned over a three-year period up to and including the year ending 30 June 2024. The Company intends to start accruing this liability in its accounts once the minimum 80% LTI target of \$16.8m cumulative sales is met prior to 30 June 2024.

The parent entity has no other known contingent liabilities as at 2022 and 2023.

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**Note 29. Parent entity information (continued)**

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments at 2022 and 2023.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 30. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 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.

**Note 31. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	<b>30 June</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(3,078,527)	(4,540,580)
Adjustments for:		
Depreciation and amortisation	220,377	83,588
Share-based payments	153,089	467,564
Interest on lease payments	20,224	13,526
Adjustment for IPO costs	-	543,297
Change in operating assets and liabilities:		
Increase in trade and other receivables	(648,896)	(55,325)
Increase in inventories	(1,721,239)	(148,517)
Decrease/(increase) in prepayments	10,037	(31,305)
Decrease in other operating assets	-	297,295
Increase/(decrease) in trade and other payables	1,128,589	(50,481)
Increase in employee benefits	419,441	-
Net cash used in operating activities	<u>(3,496,905)</u>	<u>(3,420,938)</u>

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**Note 32. Earnings per share**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Biome Australia Limited	<u>(3,078,527)</u>	<u>(4,540,580)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>200,764,764</u>	<u>176,495,071</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>200,764,764</u>	<u>176,495,071</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.53)	(2.57)
Diluted earnings per share	(1.53)	(2.57)

**Note 33. Share-based payments**

Set out below are summaries of shares issued under the Company's Employee Incentive Plan:

**30 June 2023**

<b>Issue Date</b>	<b>Security Issued</b>	<b>Issue Price</b>	<b>No of Security Issued</b>		<b>Value of Security Issued</b>
18/01/2023	Fully paid shares	\$0.0723	1,902,689		\$137,564

Set out below are summaries of options granted for services rendered:

**30 June 2023**

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
31/03/2023	31/03/2026	\$0.12	-	2,500,000	-	-	2,500,000
31/03/2023	31/03/2026	\$0.20	-	2,500,000	-	-	2,500,000
			-	5,000,000	-	-	5,000,000

Share options granted carry no rights to dividends and no voting rights. The options fully vested on issue. Valuation of the options has been undertaken using an industry standard pricing model. Refer below for further information.

<b>Grant date</b>	<b>Expiry date</b>	<b>Share price at grant date</b>	<b>Exercise price</b>	<b>Expected volatility</b>	<b>Dividend yield</b>	<b>Risk-free interest rate</b>	<b>Fair value at grant date</b>
31/03/2023	31/03/2026	\$0.07	\$0.12	31.65%	-	2.93%	\$13,350.00
31/03/2023	31/03/2026	\$0.07	\$0.20	31.65%	-	2.93%	\$2,175.00

**30 June 2022**

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
24/11/2021	24/11/2024	\$0.30	-	2,131,404	-	-	2,131,404
24/11/2021	24/11/2025	\$0.40	-	2,131,404	-	-	2,131,404
			-	4,262,808	-	-	4,262,808

**Note 34. Commitments and Contingencies**

(a) *Capital expenditure commitments*

The group has no (2022: \$260,000) capital commitments as at 30 June 2023.

(b) *Contingent liabilities*

As outlined in Section 6.7.1 of the Prospectus dated 19 October 2021 the Managing Director is entitled to a long term incentive (LTI) should specified consolidated revenue targets be delivered over a three year period. The maximum liability under this plan is \$1,000,000 to be earned over a three-year period up to and including the year ending 30 June 2024. The Company intends to start accruing this liability in its accounts once the minimum 80% LTI target of \$16.8m cumulative sales is met prior to 30 June 2024.

The group has no other known contingent liabilities at 2022 and 2023