

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 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

Revenues from ordinary activities	up	79.8% to	13,008,897
Loss from ordinary activities after tax attributable to the owners of Biome Australia Limited	down	45.7% to	(1,670,202)
Loss for the year attributable to the owners of Biome Australia Limited	down	45.7% to	(1,670,202)

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 \$1,670,202 (30 June 2023: \$3,078,527).

Review of operations

Following a successful FY23, the Company continued its strong growth trajectory into FY24. Having reported over 4,000 distribution points at June 2023, the Company's national distribution footprint increased to over 5,000 distribution points by June 2024. In FY24, Australian pharmacy channel accounts for 65% of total sales in FY24 and delivered year-on-year same store sales growth of 75%.

The launch into UK and Ireland health retail markets in January 2024 has shown signs of early success. Sales from overseas for FY24 increased by 95% to \$894,420 (FY23: \$459,735).

During the year Biome executed an exclusive distribution deal for Biome Cholesterol Probiotic, a clinically proven probiotic to reduce cholesterol, which was set for launch in early FY25. The company also secured a breakthrough deal for some unique IP in a novel probiotic strain, which is currently under development.

In FY24 Activated Probiotics® was the highest growth complementary medicine and probiotic brand in Australia. Retail scan sales data (Pharmacy) also shows the same trend at the point of purchase, with Activated Probiotics® being the highest growth brand and the second largest in total revenue of all practitioner brands over the last 12 months.

Financial performance

The Company continued to experience strong sales growth during the year with revenue increasing by 80% to \$13,008,897 compared to the previous corresponding period (FY23 \$7,235,611). Gross profit on sales grew by 85% to \$7,911,221 (FY23 \$4,275,528). The strong sales growth has been driven by Biome's Activated Probiotics® range of live biotherapeutics (probiotics). The combination of stronger sales, higher gross profit and contained operating costs help deliver a 45.7% improvement in NPAT of (\$1,670,202) (FY23 (\$3,078,527)).

Sales and marketing costs increased by \$921,113 to \$5,851,611, an 18.7% increase over FY23 to support the Company's sales and marketing activities to achieve a 80% year-on-year sales revenue growth. Total underlying operating expenses for the year increased by \$1,253,372 or 16.2% to \$8,997,172 against a revenue increase of 80%. This is before a \$1.0 million expense for the managing directors' 3-year long term incentive to achieve \$21m in cumulative sales revenue (FY21-FY24), a target that was beaten by \$3m. The full year result after providing for income tax was a loss of \$1,670,202, an improvement of 45.7% from FY23 (30 June 2022: \$3,078,527 loss).

Financial Position

The Company has \$2,868,526 in cash as at 30 June 2024 and a further \$500,000 in an undrawn credit facility.

The net assets of the Company decreased to \$2,903,528 as at 30 June 2024 (30 June 2023: \$3,586,265) which was a result of funding the Company's operations for the year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.35	1.80

4. Control gained over entities

Biome Australia Trading (UK) Limited

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:

The consolidated entity has been consolidated in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act. They also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

10. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Biome Australia Limited for the year ended 30 June 2024 is attached.

Biome Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Revenue			
Sales revenue	5	13,008,897	7,235,611
Cost of goods sold		(5,097,676)	(2,960,083)
Gross profit		7,911,221	4,275,528
Other income	6	415,749	389,745
Expenses			
Sales and marketing expenses	7	(5,851,611)	(4,930,498)
Corporate and administrative expenses	7	(3,658,447)	(2,244,947)
Occupancy expenses		(72,846)	(157,568)
Depreciation, amortisation and impairments	7	(241,560)	(220,377)
Other expenses		(21,160)	(76,513)
Finance costs	7	(151,548)	(113,897)
Loss before income tax expense		(1,670,202)	(3,078,527)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Biome Australia Limited	27	(1,670,202)	(3,078,527)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Biome Australia Limited		<u>(1,670,202)</u>	<u>(3,078,527)</u>
		Cents	Cents
Basic earnings per share	36	(0.80)	(1.53)
Diluted earnings per share	36	(0.80)	(1.53)

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 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	9	2,868,526	2,260,764
Trade and other receivables	10	2,870,022	1,443,044
Inventories	11	1,888,577	3,021,314
Other	12	81,361	45,902
Total current assets		<u>7,708,486</u>	<u>6,771,024</u>
Non-current assets			
Property, plant and equipment	13	331,380	453,295
Right-of-use assets	14	236,925	334,963
Total non-current assets		<u>568,305</u>	<u>788,258</u>
Total assets		<u>8,276,791</u>	<u>7,559,282</u>
Liabilities			
Current liabilities			
Trade and other payables	16	2,492,301	2,274,371
Borrowings	17	1,020,597	125,018
Lease liabilities	18	107,952	99,584
Employee benefits	19	1,522,673	487,413
Total current liabilities		<u>5,143,523</u>	<u>2,986,386</u>
Non-current liabilities			
Borrowings	21	-	645,240
Lease liabilities	22	167,812	275,765
Employee benefits	23	52,570	65,626
Other liabilities	24	9,358	-
Total non-current liabilities		<u>229,740</u>	<u>986,631</u>
Total liabilities		<u>5,373,263</u>	<u>3,973,017</u>
Net assets		<u>2,903,528</u>	<u>3,586,265</u>
Equity			
Issued capital	25	21,727,165	20,764,055
Reserves	26	444,212	421,257
Accumulated losses	27	(19,267,849)	(17,599,047)
Total equity		<u>2,903,528</u>	<u>3,586,265</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 2024

Consolidated	Issued capital \$	Option reserves \$	Performance rights \$	Accumulated losses \$	Total equity \$
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 25)	124,220	-	-	-	124,220
Share-based payments (note 37)	-	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>
Consolidated	Issued capital \$	Option reserves \$	Performance rights \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	20,764,055	421,257	-	(17,599,047)	3,586,265
Loss after income tax expense for the year	-	-	-	(1,670,202)	(1,670,202)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,670,202)	(1,670,202)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 37)	122,532	92,987	-	-	215,519
Issue of options	-	128,125	-	-	128,125
Exercise of options	840,578	(198,157)	-	-	642,421
Consolidation - currency adjustment	-	-	-	1,400	1,400
Balance at 30 June 2024	<u>21,727,165</u>	<u>444,212</u>	<u>-</u>	<u>(19,267,849)</u>	<u>2,903,528</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 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,790,769	6,586,715
Payments to suppliers (inclusive of GST)		(13,354,625)	(10,493,590)
R&D tax refund		314,937	327,739
Export Market Development Grant and State Government grants		36,600	43,600
Interest paid on lease liabilities		(15,699)	20,225
Interest received		64,212	18,406
		<u> </u>	<u> </u>
Net cash used in operating activities	35	<u>(163,806)</u>	<u>(3,496,905)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	13	<u>(21,607)</u>	<u>(400,939)</u>
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(21,607)</u>	<u>(400,939)</u>
Cash flows from financing activities			
Proceeds from issue of shares	25	642,421	500
Repayments for lease liabilities		(99,585)	(91,700)
Proceeds from borrowings		520,597	770,258
Share issue transaction costs		-	(13,844)
Repayment of borrowings		<u>(270,258)</u>	<u>-</u>
		<u> </u>	<u> </u>
Net cash from financing activities		<u>793,175</u>	<u>665,214</u>
		<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents		607,762	(3,232,630)
Cash and cash equivalents at the beginning of the financial year		<u>2,260,764</u>	<u>5,493,394</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	9	<u><u>2,868,526</u></u>	<u><u>2,260,764</u></u>

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

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. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, 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 33.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Material accounting policy information (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Sales revenue

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Sales - Domestic	12,114,477	6,775,876
Sales - International	894,420	459,735
	<u>13,008,897</u>	<u>7,235,611</u>

Note 6. Other income

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
EMDG - Export Market Development Grant	36,600	36,600
Victorian government grant	-	7,000
Interest income	64,212	18,406
R&D tax refund	314,937	327,739
	<u>415,749</u>	<u>389,745</u>

Biome Australia Limited
Notes to the financial statements
30 June 2024

Note 7. Expenses

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Selling and marketing expenses		
Employee costs	2,847,105	2,030,136
Sales, marketing and research expenses	1,264,654	1,533,202
Travel and entertainment expenses	580,848	322,971
Distribution expenses	1,039,570	931,625
Share based payments	119,434	112,564
	<u>5,851,611</u>	<u>4,930,498</u>

	Consolidated	
	30 June 2024	30 June 2023
Corporate and administrative expenses		
Employee costs	1,653,574	1,534,815
CEO - Long term incentive	1,000,000	-
Consulting fees	65,427	60,781
Accounting fees	125,048	106,285
IT expenses	156,307	292,986
Insurance	109,271	75,131
Secretarial fees	78,264	71,281
Legal fees	119,039	76,558
Other administrative expenses	127,748	2,110
Share based payments (*)	223,769	25,000
	<u>3,658,447</u>	<u>2,244,947</u>

(*) includes \$128,128 for share based payments to non-related third party service providers

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Depreciation, amortisation and impairments		
Depreciation expense	143,522	122,339
Amortisation expense on right-of-use asset	98,038	98,038
	<u>241,560</u>	<u>220,377</u>

	Consolidated	
	30 June 2024	30 June 2023
Finance costs		
Interest expense	144,787	2,206
Interest expense on leases/right-of-use assets	15,699	20,224
Bank charges	1,455	3,584
Merchant fees	3,383	5,271
Foreign exchange (gains)/losses	(13,776)	82,612
	<u>151,548</u>	<u>113,897</u>

Note 8. Income tax expense

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,670,202)	(3,078,527)
Tax at the statutory tax rate of 25%	(417,551)	(769,632)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effects of different tax rates for foreign subsidiary	28,891	-
R&D refund	(78,743)	(81,935)
R&D expenses	180,998	187,500
Share-based payments	32,031	34,391
Timing differences not recognised	841,041	135,410
	586,667	(494,266)
Current year tax losses not recognised	(586,667)	494,266
Income tax expense	-	-

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	10,818,751	11,416,558
Potential tax benefit @ 25%	2,704,688	2,854,140

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

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
Cash at bank	2,868,526	2,260,764

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current assets - trade and other receivables

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
Trade receivables	2,870,022	1,443,044

Note 10. Current assets - trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 11. Current assets - inventories

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Raw materials - at cost	382,388	253,170
Finished goods - at cost	1,812,308	2,971,489
Provision for slow moving and obsolete stock	(306,119)	(203,345)
	<u>1,888,577</u>	<u>3,021,314</u>

Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Current assets - other

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Other	51,111	15,652
Bank guarantee	30,250	30,250
	<u>81,361</u>	<u>45,902</u>

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

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Property, plant and equipment - at cost	637,019	631,509
Less: Accumulated depreciation	(305,639)	(178,214)
	<u>331,380</u>	<u>453,295</u>

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

	Furniture, Fixtures and Fittings	Motor Vehicles	Leasehold Improvement	Office Equipment	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 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)
Balance at 30 June 2023	20,833	20,104	380,918	31,440	453,295
Additions	21,607	-	-	-	21,607
Depreciation expense	(3,546)	(20,104)	(111,488)	(8,384)	(143,522)
Balance at 30 June 2024	<u>38,894</u>	<u>-</u>	<u>269,430</u>	<u>23,056</u>	<u>331,380</u>

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Motor vehicles	4 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Right-of-use assets	490,189	490,189
Amortisation expense	(253,264)	(155,226)
	<u>236,925</u>	<u>334,963</u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 14. Non-current assets - right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 15. Non-current assets - intangibles

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Trade and other payables	2,492,301	2,274,371

Refer to note 29 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Current liabilities - borrowings

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loan from TP24 – Debtor Financing Facility	1,000,000	-
Loan - other	20,597	125,018
	1,020,597	125,018

Refer to note 29 for further information on financial instruments.

Note 18. Current liabilities - lease liabilities

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Lease liability	107,952	99,584

Lease liabilities

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

Note 18. Current liabilities - lease liabilities (continued)

	1 year	1 - 5 years	5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
	\$	\$	\$		
2024					
Lease liabilities	118,741	173,889	-	292,631	275,765
2023					
Lease liabilities	115,283	292,631	-	407,914	375,349
	<u>234,024</u>	<u>466,520</u>	<u>-</u>	<u>700,545</u>	<u>651,114</u>

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:

	2024 \$	2023 \$
Interest expense on lease liabilities	15,699	20,224
Depreciation expense	<u>98,038</u>	<u>98,038</u>
	<u>113,737</u>	<u>118,262</u>

Note 19. Current liabilities - employee benefits

	Consolidated 30 June 2024 \$	30 June 2023 \$
Annual leave	244,274	187,413
Long service leave	55,399	-
Employee benefits	<u>1,223,000</u>	<u>300,000</u>
	<u>1,522,673</u>	<u>487,413</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 20. Current liabilities - provisions

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 21. Non-current liabilities - borrowings

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loans - other	-	145,240
Loan from TP24 – Debtor Financing Facility	-	500,000
	<u>-</u>	<u>645,240</u>

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 22. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Lease liability	<u>167,812</u>	<u>275,765</u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 23. Non-current liabilities - employee benefits

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Long service leave	<u>52,570</u>	<u>65,626</u>

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Biome Australia Limited
Notes to the financial statements
30 June 2024

Note 24. Non-current liabilities - other liabilities

	Consolidated 30 June 2024	30 June 2023
	\$	\$
Other - Attvest Finance Pty Ltd	9,358	-

Note 25. Equity - issued capital

	30 June 2024	30 June 2023	Consolidated 30 June 2024	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	215,090,901	201,812,546	21,727,165	20,764,055

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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	201,812,546		20,764,055
Shares issued under Employee Incentive Scheme	5 October 2023	560,393	\$0.133	75,007
Shares issued under Employee Incentive Scheme pursuant to the Loan Funded Share Plan (LFSP)	1 December 2023	9,612,708	\$0.12	-
Exercise of options	15 February 2024	25,000	\$0.12	3,000
Shares issued under Employee Incentive Scheme pursuant to the Loan Funded Share Plan (LFSP)	10 April 2024	817,434	\$0.33	-
Shares issued under Employee Incentive Scheme	14 June 2024	131,416	\$0.36	47,525
Exercise of options	21 June 2024	2,131,404	\$0.30	639,421
Transfer from Share options reserve	21 June 2024	-	-	198,157
Balance	30 June 2024	215,090,901		21,727,165

LFSP (Loan Funded Share Plan) On 1 December 2023 and 10 April 2024, the company issued 9,612,708 and 817,434 ordinary shares respectively, vesting over 3 years under its (LFSP) Loan Funded Share Plan, with a 7-year non-recourse loan term. The equity value of these shares are recognised and credited to the Share Capital account as and when the loans are repaid.

(*) Valuation of LFSP are determined by using industry standard binomial pricing model taking into account the terms and conditions upon which instruments are issued.

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.

Note 25. Equity - issued capital (continued)

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.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 26. Equity - reserves

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Share option and performance rights reserves	444,212	421,257

Note 27. Equity - accumulated losses

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Accumulated losses at the beginning of the financial year	(17,599,047)	(14,530,230)
Loss after income tax expense for the year	(1,670,202)	(3,078,527)
Cancellation of options	-	9,710
Consolidation - currency adjustment	1,400	-
Accumulated losses at the end of the financial year	(19,267,849)	(17,599,047)

Note 28. Equity - dividends

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

Note 29. 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 2024, the consolidated entity's cash/cash equivalents (note 9) are variable interest rate instruments earning approximately 3.80% p.a. at call interest.

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.

Biome Australia Limited
Notes to the financial statements
30 June 2024

Note 30. Fair value measurement

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 31. Remuneration of auditors

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

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Audit services - Audit or review of the financial statements</i>		
MVAB Assurance, Australia	37,000	36,000
The MGroup Partnership, United Kingdom	8,512	-
Audit services	45,512	36,000

Note 32. 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 \$101,009 as at 30 June 2024 (2023: \$145,240).

Loans to/from related parties

There was no outstanding loan owing to the CFO as at 30 June 2024 (2023: \$125,018).

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax	(447,010)	(297,724)
Total comprehensive income	(447,010)	(297,724)

Biome Australia Limited
Notes to the financial statements
30 June 2024

Note 33. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2024	30 June 2023
	\$	\$
Total current assets	1,627,301	1,066,820
Total assets	17,554,922	16,901,618
Total current liabilities	114,438	-
Total liabilities	114,438	-
<i>Equity</i>		
Issued capital	21,726,975	20,764,055
Share option and performance rights reserves	444,213	421,257
Accumulated losses	(4,730,704)	(4,283,694)
Total equity	17,440,484	16,901,618

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 \$1.5 million (2023: \$1.2 million) secured debt facility of its wholly owned subsidiary, Biome Australia Trading Pty Ltd with AMAL Trustees Pty Ltd as at 2024.

Interest in subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned 2024 %	Percentage Owned 2023 %
Subsidiaries:			
Biome Australia Trading Pty Ltd	Melbourne, Victoria, Australia	100%	100%
Biome Australia IP Pty Ltd	Melbourne, Victoria, Australia	100%	100%
Biome Australia Trading (UK) Limited	London, United Kingdom	100%	-

Contingent liabilities

The parent entity has no known contingent liabilities as at 2024 (2023: \$1.0 million for the Managing Directors' long term incentive (LTI). As the LTI target has now been met, this amount of \$1.0 million has been recognised as a current liability in 2024).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments at 2024 (2023: Nil).

Material accounting policy information

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 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 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 2024

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax expense for the year	(1,670,202)	(3,078,527)
Adjustments for:		
Depreciation and amortisation	241,560	220,377
Share-based payments	343,204	153,089
Interest on lease payments	15,699	20,224
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,462,437)	(648,896)
Decrease/(increase) in inventories	1,132,737	(1,721,239)
Decrease/(increase) in prepayments	(37,345)	10,037
Increase in trade and other payables	250,774	1,128,589
Increase in employee benefits	1,022,204	419,441
Net cash used in operating activities	<u>(163,806)</u>	<u>(3,496,905)</u>

Note 36. Earnings per share

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax attributable to the owners of Biome Australia Limited	<u>(1,670,202)</u>	<u>(3,078,527)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>208,040,790</u>	<u>200,764,764</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>208,040,790</u>	<u>200,764,764</u>
	Cents	Cents
Basic earnings per share	(0.80)	(1.53)
Diluted earnings per share	(0.80)	(1.53)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Biome Australia Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 37. Share-based payments

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

Biome Australia Limited
Notes to the financial statements
30 June 2024

Note 37. Share-based payments (continued)

30 June 2024

Issue Date	Security Issued	Issue Price	No of Security Issued	Value of Security Issued
18/01/2023	Fully paid shares	\$0.07	1,902,689	\$137,564
05/10/2023	Fully paid shares	\$0.13	560,393	\$74,756
01/12/2023	Fully paid shares	\$0.12	9,612,708	\$1,160,254
10/04/2024	Fully paid shares	\$0.33	817,434	\$269,998
14/06/2024	Fully paid shares	\$0.36	131,416	\$47,525

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

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/11/2021	24/11/2025	\$0.40	2,131,404	-	-	-	2,131,404
31/03/2023	31/03/2026	\$0.12	2,500,000	-	(25,000)	-	2,475,000
31/03/2023	31/03/2026	\$0.20	2,500,000	-	-	-	2,500,000
08/03/2024	31/03/2026	\$0.50	-	2,500,000	-	-	2,500,000
			7,131,404	2,500,000	(25,000)	-	9,606,404

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.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
31/03/2023	31/03/2026	\$0.07	\$0.12	30.98%	-	2.93%	\$12,560
31/03/2023	31/03/2026	\$0.07	\$0.20	30.98%	-	2.93%	\$1,900
08/03/2024	31/03/2026	\$0.39	\$0.50	34.45%	-	3.60%	\$128,125

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 37. Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 38. Commitments and Contingencies

(a) *Capital expenditure commitments*

The group has no capital commitments as at 30 June 2024 (2023: \$Nil).

(b) *Contingent liabilities*

The group had no contingent liabilities at 2024 (2023: \$1.0 million for the Managing Directors' long term incentive (LTI). As the LTI target has now been met, this amount of \$1.0 million has been recognised as a current liability in 2024).