



14 July 2022

Refocus strategy on core business

The board and management of Blis Technologies Limited (NZX:BLT) have undertaken a review of the company's strategy and business model following the disappointing performance in FY22.

Through focused R&D, Blis has a proven track record in delivering innovative probiotic solutions to the global market. A renewed focus on this core business primarily for global B2B partners will drive scale and return to profitability.

Blis Chair Geoff Plunket commented "While we remain committed to our company purpose *"Developing breakthrough probiotic solutions for the health and wellbeing of global consumers"* the FY22 result has led us to consider whether a more tightly focussed strategy is appropriate. By sharply critiquing every aspect of Blis' operational and financial performance we have identified what we do best and how we are best to deliver to our purpose".

Blis will make a shift to a narrower operational focus on Business to Business (B2B), establishing partnerships with proven industry operators to commercialise its proprietary technology. This will see Blis move away from direct selling to consumers, other than in New Zealand and the US Amazon platform by the end of the FY23 year.

Blis Chief Executive Brian Watson said "While this represents a change from the current operating model, we will continue to undertake many of our existing activities. We have identified which markets and channels continue to work well and deliver margin for us. In other markets, we will seek to develop partnerships with parties who are better placed long term to develop those opportunities".

"Our B2B focus on international markets will see us looking to leverage other companies' strengths in the B2C market while we focus Blis' business on growing and delivering a portfolio of ingredients and finished product formats that those companies can take to market".

Probi licensing offers supply blueprint

The relationship Blis established in mid-2021 with Probi represents a business model blueprint for the new strategy. The licencing of BLIS K12™ and BLIS M18™ ingredient technology will allow us to leverage Probi's global customer base and market presence.

Ecommerce sales channels to continue

Over the last few years, profitable positions have been established for the BLIS PROBIOTICS™ brand across ecommerce channels (BLIS.co.nz and Amazon USA) to complement the New Zealand retail sales base, including daigou channel. These cost effective channels will be maintained.

Other B2C activity

B2C activity related to the Unconditional Skincare Co brand and the BLIS PROBIOTICS™ retail focus in Canada will be transitioned out of Blis' direct operations. The intention is to identify a partner to take over the Canadian retail business. We see skincare licensing opportunities based on the existing product innovation and future innovation pipeline.

Continued R&D focus

Our review identified Blis' research and development programme as a core strength. We have pipeline opportunities that will keep Blis at the front of probiotic innovation and represents significant commercial opportunity to partners.

Resourcing review

These strategic changes require a review of resourcing and capability to be undertaken. Subject to consultation a small reduction in staffing levels is expected. We anticipate that overall resourcing changes will put us on track for a return to profitability.

Working capital position

Blis' working capital position remains solid, with in excess of \$8m in cash reserves the company is well placed to support this strategic change.

Q1 FY23 result

We are also pleased to report the unaudited results for the quarter ending 30 June 2022. Revenue for Q1 FY23 of \$2.3m is 29% growth over the same period last year, with an EBITDA loss of \$0.3m.

An update will be provided at the Annual Shareholder Meeting to be held on Thursday 21 July 2022.

Ends

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About Blis Technologies Ltd

Delivering proven health benefits through evidence-based, advanced probiotics

Blis Technologies is an NZX-listed manufacturer of advanced probiotic strains that go beyond the gut. Combining innovation with evidence-based research and the highest quality production controls enables the delivery of probiotic solutions for specific health targets including throat health, halitosis (bad breath), immune support, teeth and gum health and skin health. BLIS® products are sold throughout New Zealand and in Asia, Europe and the USA. More information about Blis Technologies Ltd can be found at www.blis.co.nz.