

ASX ANNOUNCEMENT

20 April 2022

Quarterly Activity Report Q3 FY22

- Record quarterly sales of \$924,698 up 58% versus the previous corresponding period (PCP)
- YTD (March) sales up 82.6% versus PCP
- Distribution points increased by more than 500 to 2,500+ in Australia
- Two new clinical studies validate Biome's product efficacy and ethics approval received for a third study
- Successful launch and rapid take-up by distributors of Biome Acne™ Probiotic
- Cash balance of \$6.61 million at as 31 March 2022

Microbiome health company **Biome Australia Limited** (ASX: BIO) ('Biome' or 'the company') is pleased to provide its Appendix 4C and activity report for the quarter ended 31 March 2022.

Sales continue to grow strongly. Biome recorded increased net sales to \$924,698 in Q3 FY22, up 58.4% on the previous corresponding period.

The Board regards the increase in quarterly revenue versus the previous corresponding period as an encouraging indicator of the company's growth trajectory, as the March quarter is traditionally the weakest performing quarter for sales due to the post-Christmas effect and school holiday period.

Total sales revenue for the three quarters to March 2022 was \$2,727,310 up 82.6% on the previous corresponding period.



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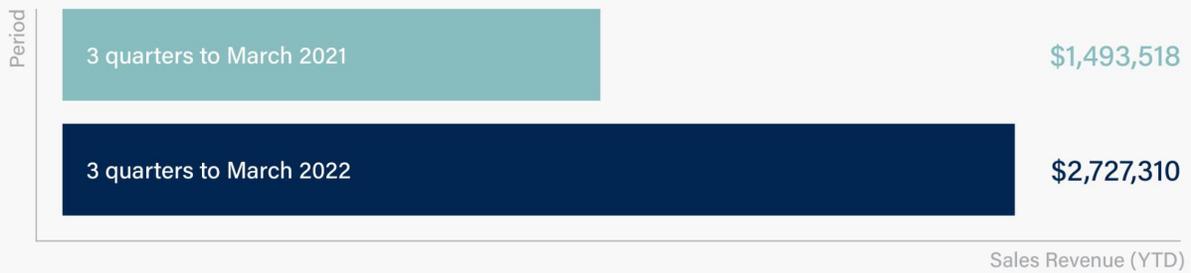


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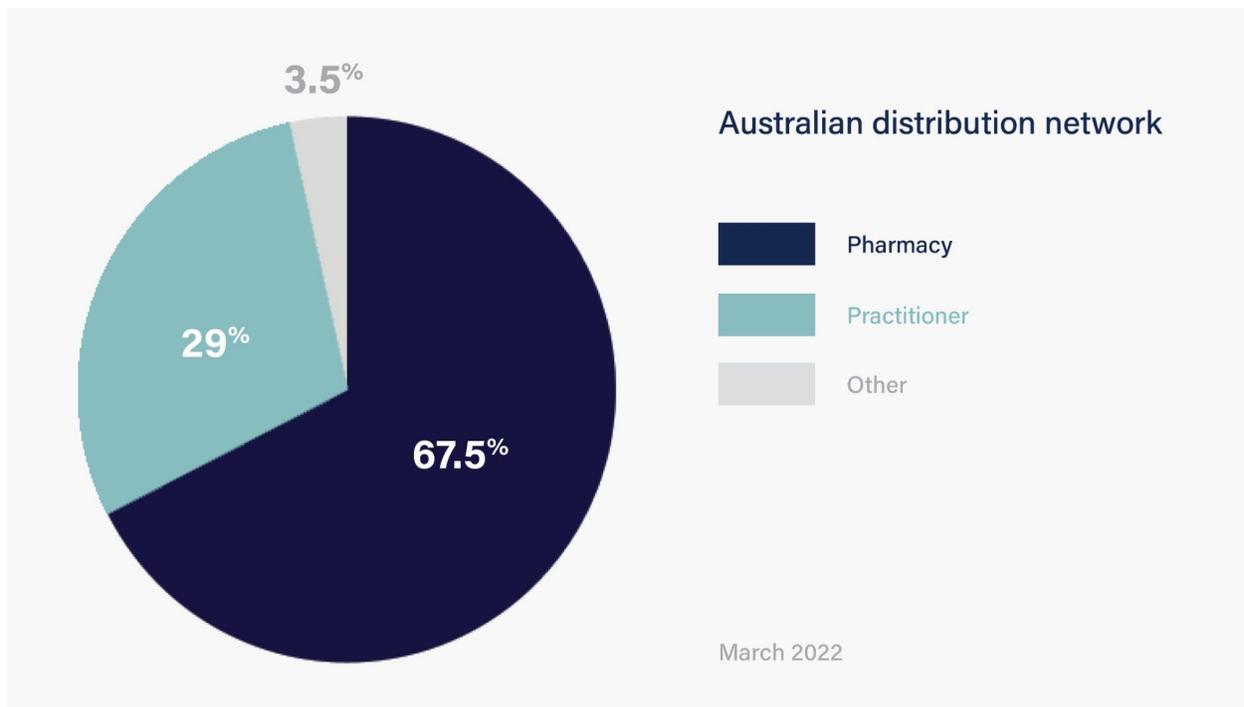
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YTD Sales Revenue +86% vs PCP



The Company continues to receive a very positive response from retailers and distributors, and has increased its Australian distribution network of pharmacy and health practitioners by more than 500 since IPO, taking total Australian distribution points to over 2,500.

Independent practitioners accounted for 29% of sales, up from 24.1% in H1 FY21 driven by the increasing numbers of practitioners recommending the Activated Probiotics range to their patients. Biome's community pharmacy sales channel currently represents 67.5% of sales. This percentage breakdown of channel sales is in line with the company's expectations.



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Biome has experienced a strong start to the current quarter with increased sales to existing retail distribution partners, and a significant pipeline of near term sales opportunities currently under negotiation. While it is still early in the quarter, the level of sales momentum gives the Board confidence that Biome will finish the financial year well, with June quarter expected to be another record quarter for sales revenue.

Product launches

Following the publication of independent clinical trial results, Biome successfully launched Biome Acne™ Probiotic into its existing network of over 2500 pharmacies and practitioners across Australia late in the quarter.

First shipments to fill pre-launch orders were sent to wholesale customers, which include distributors Symbion, API, Osborne Health, Rener and Ariya. Biome Acne™ Probiotic is the newest addition to the Activated Probiotics® brand and was showcased successfully at the Australian Pharmacy Professional Conference (APP) in late March 2022.

Clinical Study Success

During the quarter, the successful results of the Probiotics in Pediatric Asthma Management (PROPAM) study were published in the Journal of Immunology Research, expanding the published evidence of efficacy for the company's Biome Breathe™ Probiotic (Ref ASX announcement 2 February 2022).

Additionally, a successful clinical study on the use of specific probiotic strains in acne was published in the Journal of Dermatology and Therapy which supported the release of Biome Acne™ Probiotic (Ref ASX announcement 9 & 14 February 2022).

The company will continue to drive its growth strategy by supporting the launch of products that address specific public health concerns with clinical research to demonstrate the efficacy of those products in alleviating targeted health conditions.

Further progressing its clinical development, Biome received ethics approval for its *Biome Daily Kids™* clinical trial from the Federation University School of Health. The trial aims to demonstrate the product's efficacy for improving immune health and reducing absenteeism from childcare centres.



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The product was initially developed in 2019 to lessen the burden of respiratory and gastrointestinal infection transmission in children by reducing symptoms and severity. The product generated revenue of \$279,246 in FY21. Results from the trial are expected in early 2023.

Company Financial and Corporate Overview

Cash at the end of the quarter was \$6.61 million (31 December 2021: \$7.74 million). The Company received \$711,104 (previous quarter \$983,000), in cash receipts from customers in Q3 FY22. Sales in Q3 are weighted heavily towards the end of the quarter, resulting in almost half of the Company's sales generated in the last month of the quarter. This resulted in higher receivables of \$755,948 (unaudited) at the end of March which are subject to our standard payment terms.

Net cash outflow from operating activities for the quarter was \$1.11 million (previous quarter net cash outflow of \$710,000) reflecting the seasonal trend of slower sales at the beginning of the March quarter. Business activities expenditure totalled \$1.82 million for the March quarter (decrease of 5% from the previous quarter of \$1.92 million), consisting of advertising and marketing of \$204,000 (previous quarter \$221,000), operating costs of \$789,000 (previous quarter \$859,000) and research and development of \$51,000 (previous quarter \$23,000) with the balance being administration and staff costs of \$775,000 (previous quarter \$797,000).

The table on the following page illustrates the expenditure comparison against the Company's 'Use of proceeds table' in the Prospectus dated 19 October 2021:

Use of proceeds	Amounted budgeted in Prospectus	Actual amount spent to date
Inventory	\$2.4 million	\$0.3 million
Sales & Marketing	\$2.15 million	\$0.6 million
New Product Development	\$0.5 million	\$0.1 million



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Administrative & Working Capital	\$1.95 million	\$0.14 million
Costs of the Offer	\$1 million	\$1.07 million
Total	\$8 million	\$2.21 million

Table 1: Use of funds

The Company notes in the March 2022 quarter, the Company paid \$138,000 to Directors of the Company in fees, salaries and superannuation.



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Appendix 4C

Quarterly cash flow report for entities

subject to Listing Rule 4.7B

Name of entity

BIOME AUSTRALIA LIMITED (BIO)

ABN

51 627 364 014

Quarter ended ("current quarter")

MARCH 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	711	2,660
1.2	Payments for		
	(a) research and development	(51)	(104)
	(b) product manufacturing and operating costs	(789)	(2,303)
	(c) advertising and marketing	(204)	(677)
	(d) leased assets	-	-
	(e) staff costs	(629)	(1,783)
	(f) administration and corporate costs	(146)	(493)



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1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(3)	(24)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	256
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(1,110)	(2,467)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (**leasehold improvements)	(19)	(19)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	32
	(d) investments	-	-



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	(e) intellectual property	-	-
	(f) other non-current assets – leasehold improvements	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (*bank guarantee)	-	(30)
2.6	Net cash from / (used in) investing activities	(19)	(17)

	Cash flows from financing activities		
3.			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-



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3.10	Net cash from / (used in) financing activities	-	-
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,744	610
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,110)	(2,467)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	8,488
4.5	Effect of movement in exchange rates on cash held	(2)	(1)
4.6	Cash and cash equivalents at end of period	6,613	6,613

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	6,613	7,744
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-



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5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,613	7,744
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6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	138
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>		
7.1	Loan facilities	Nil	n/a
7.2	Credit standby arrangements	Nil	n/a
7.3	Other (please specify)	Nil	n/a
7.4	Total financing facilities	Nil	n/a
7.5	Unused financing facilities available at quarter end		n/a
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p>		



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8.		\$A'000
	Estimated cash available for future operating activities	
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,110)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,613
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,613
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.0

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:
n/a

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:
n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:
n/a



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Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 APRIL 2022

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

-ENDS-



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Approved for release by the Biome Australia board of directors.

About Biome Australia Limited

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

Biome distributes its products in Australia, New Zealand and the United Kingdom. In partnership with some of the world's leading organisations in microbiome research and development, Biome has developed a range of unique live biotherapeutic (probiotic) products with innovative delivery technologies that improve their stability and efficacy to create its flagship range of complementary medicines: Activated Probiotics[®].

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

Biome also develops, licenses and distributes a scientifically formulated, organic nutraceutical range, Activated Nutrients[®] and a sports performance and recovery range, Activated X Performance[®], which is made exclusively for professional athletes.

For more information visit: www.biomeaustralia.com

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Forward looking statements

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

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

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

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

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



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