

ANNUAL REPORT 2022

The Microbiome Health Company.

About

Biome aims to improve the health and quality of life of Australians suffering from some of the most common and chronic health conditions using evidence-based complementary medicines.

As a microbiome health company that pursues clinical trials, Biome works at the intersection of the natural medicine and pharmaceutical world. Biome Australia develops, licenses, commercialises, and markets innovative, evidence-based live biotherapeutics (probiotics) and complementary medicines, many of which are supported by clinical research.

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

Supported by clinical research, including randomised, double-blind, placebo-controlled trials, Activated Probiotics help prevent and support the management of various health concerns, including low mood and sleep, bone density loss, iron malabsorption, mild eczema and irritable bowel syndrome (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.

ACKNOWLEDGMENT OF COUNTRY

We acknowledge the Wurundjeri people as the Traditional Owners on whose Country we are based. We pay respect to their Elders past, present and emerging and acknowledge their continuing connection to land, sea and community. We extend that respect to Traditional Owners throughout Australia where we work and operate.

Biome Australia Ltd

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Biome Australia timeline

July 2018

**BIOME AUSTRALIA
FOUNDED**
6 employees

January 2019

**ACTIVATED NUTRIENTS
LAUNCH**
Biome launches its certified
organic range of nutraceuticals

March 2019

**SYMBION DISTRIBUTION
DEAL**
Biome gains distribution with
pharmaceutical wholesaler
Symbion

November 2019

**ACTIVATED PROBIOTICS
LAUNCH**
Biome launches its condition-
specific probiotic range

June 2019

API DISTRIBUTION DEAL
Biome gains distribution with
pharmaceutical wholesaler API
**\$387K FY19 SALES
REVENUE**

March 2019

LISTING OF 10 MEDICINES
on the Australian Register of
Therapeutic Goods

June 2020

**TERRYWHITE CHEMMART
DISTRIBUTION DEAL**
Activated Probiotics launches
nationally with TerryWhite
Chemmart
**\$833K FY20 SALES
REVENUE**

November 2020

**UK PRACTITIONER
MARKET LAUNCH**
Activated Probiotics launches into
the UK Practitioner market

January 2021

**BIOME OSTEO CLINICAL
TRIAL**
Probone21 clinical trial using
Biome Osteo commences in
partnership with La Trobe
University and Probi AB

**2000 DISTRIBUTION
POINTS**

March 2021

**BIOME LIFT CLINICAL
TRIAL**
In partnership with La Trobe
University and Probiological S.p.A.

February 2021

**PRACTITIONER MARKET
LAUNCH**
Activated Probiotics launches into
the Australian practitioner market
with Osborne Health Supplies and
vital.ly

June 2021

**\$2.32M FY21 SALES
REVENUE**

July 2021

STRATEGIC DISTRIBUTION PARTNERSHIP
Biome signs strategic distribution partnership with TerryWhite
Chemmart including exclusive national promotional program

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September 2021

RENER & ARIYA HEALTH DISTRIBUTION DEAL

Activated Probiotics increases distribution in the Australian practitioner market with Rener Health Products and Ariya Health

November 2021

B CORPORATION CERTIFICATION

BIOME COMPLETES INITIAL PUBLIC OFFERING

June 2022

3000 DISTRIBUTION POINTS \$4.12M FY22 SALES REVENUE

PRICELINE PHARMACY DISTRIBUTION DEAL

Biome signs distribution deal with Priceline Pharmacy

February 2021

BIOME DAILY KIDS CLINICAL TRIAL

Biome Daily Kids clinical trial commences in partnership with Federation University

30 EMPLOYEES

TOTAL OF 14 LISTED MEDICINES ON THE ARTG





Probiotics 101

The World Health Organization (WHO) defines probiotics as “live microorganisms that, when administered in adequate amounts, confer a health benefit to the host”

In order for a food or supplement to be considered ‘probiotic’ it must fulfill the three parts of this definition:

- Alive when ingested
- Contain an appropriate therapeutic dose
- Have a defined health benefit supported by research

The gut microbiome

HEALTHY GUT MICROBIOME

UNHEALTHY GUT MICROBIOME

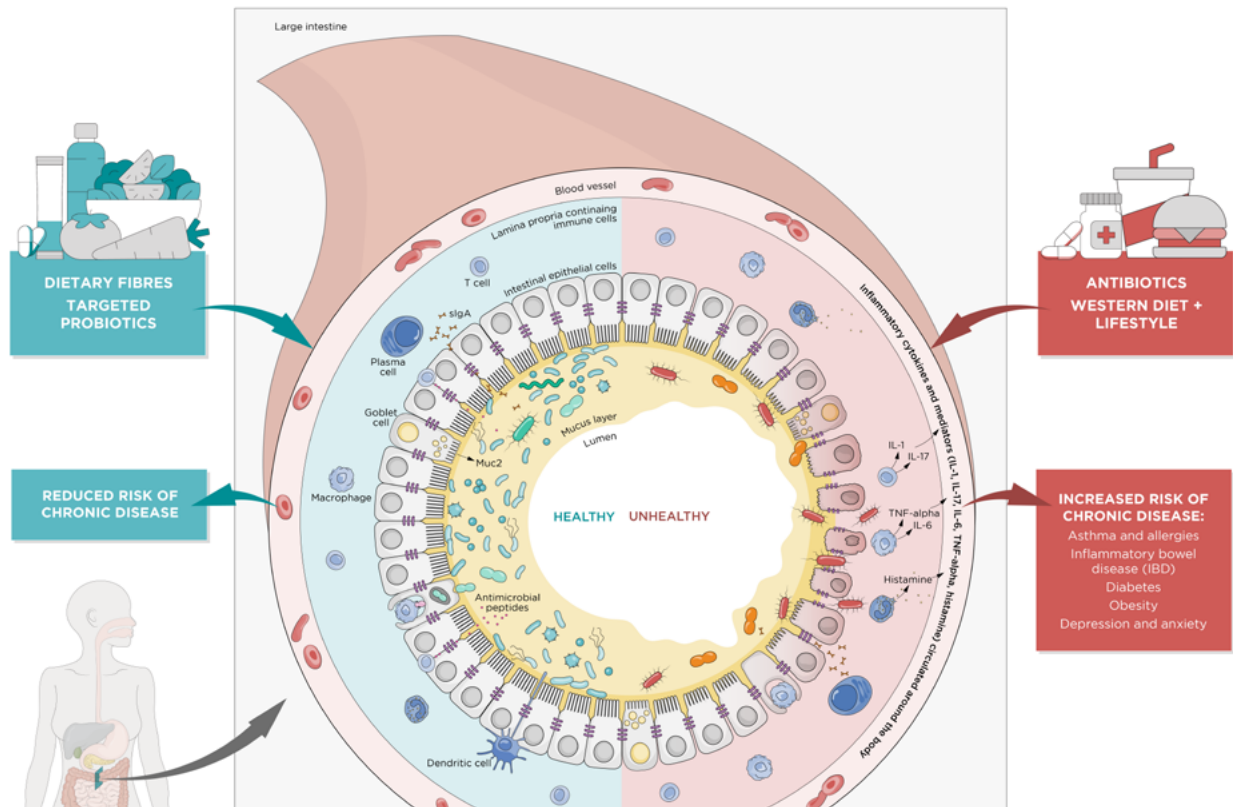


Figure: Demonstrating the proposed links between an unhealthy gut microbiome, inflammation and increased risk of chronic disease¹.

The human gut is host to a thriving community of microbial life, including bacteria, viruses, archaea, and fungi known as the gut microbiome.

In recent decades, factors such as a low fibre diet and certain medications like antibiotics have negatively influenced the abundance and diversity of microbes living in our gut. As a result, the gut microbiome has been found to be interacting with human health in negative ways.

Disruptions to the makeup of the gut microbiome is thought to negatively impact health through a number of different mechanisms. For example, an unhealthy gut microbiome triggers a breakdown of intestinal cell health and a phenomenon known as leaky gut which allows for the gut microbiome to interact with the underlying immune system. The immune system's response to potentially harmful microbes from an unhealthy gut can create inflammation which travels from the gut

to the rest of the body via chemical messengers (e.g. cytokines) circulating in the blood. Chronically raised inflammation stemming from the gut is thought to impact the health of many different organ systems, and contribute to the increasing prevalence of chronic disease.

Antibiotic use, a key disruptor of the gut microbiome, has now been associated with the increased prevalence of a number of chronic diseases, including asthma and allergies, irritable bowel disease, diabetes and obesity, and depression and anxiety¹.

Beneficial probiotic bacteria represent a new generation of therapeutic agents which may be able to mitigate the negative effects of an unhealthy gut microbiome. In human clinical trials, specific strains of beneficial bacteria have now been shown to improve health outcomes in a number of chronic diseases.

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Probiotics as live biotherapeutic products

Biome denotes probiotic bacteria that target specific therapeutic outcomes in disease states as 'live biotherapeutics'. This term has been adopted by the company to differentiate probiotic strains with general health benefits often used in fast-moving consumer goods and food supplements, and those that possess evidence of efficacy supporting their therapeutic application in specific health conditions. Due to the increasing body of evidence supporting the therapeutic application of specific probiotic strains in disease states, live biotherapeutics

are increasingly regarded as their own class of therapeutic goods.

The U.S. Food and Drug Administration defines a live biotherapeutic product as a biological product that contains live organisms, such as bacteria, is applicable to the prevention, treatment or cure of a disease or condition of human beings, and is not a vaccine.

Biome's Activated Probiotics® range is more aligned with the principles of live biotherapeutic products.

Our offering

Clinically trialled

Biome Australia's live biotherapeutic products are all supported by clinical evidence of efficacy. Six live biotherapeutic products are supported by human clinical trials on the finished formulations, in many cases first in the world.

Condition specific

Activated Probiotics® has produced a range of condition-specific live biotherapeutic probiotic products that may help to prevent osteoporosis, reduce the severity and frequency of asthma attacks, reduce depressive symptoms and increase iron absorption.

25

product portfolio

Biome currently has 25 products in its portfolio across three brands which continue to grow as new products are developed.

18

proprietary products

The product portfolio includes 18 proprietary products (live biotherapeutic probiotics and nutraceutical products) to which Biome owns the formulation

10k+

health professionals educated

Throughout FY22 by Biome's education team

Practitioner-only

Elevating the credibility of Biome's products through working with health professionals to support their active recommendation of Biome's products

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3

ongoing clinical trials

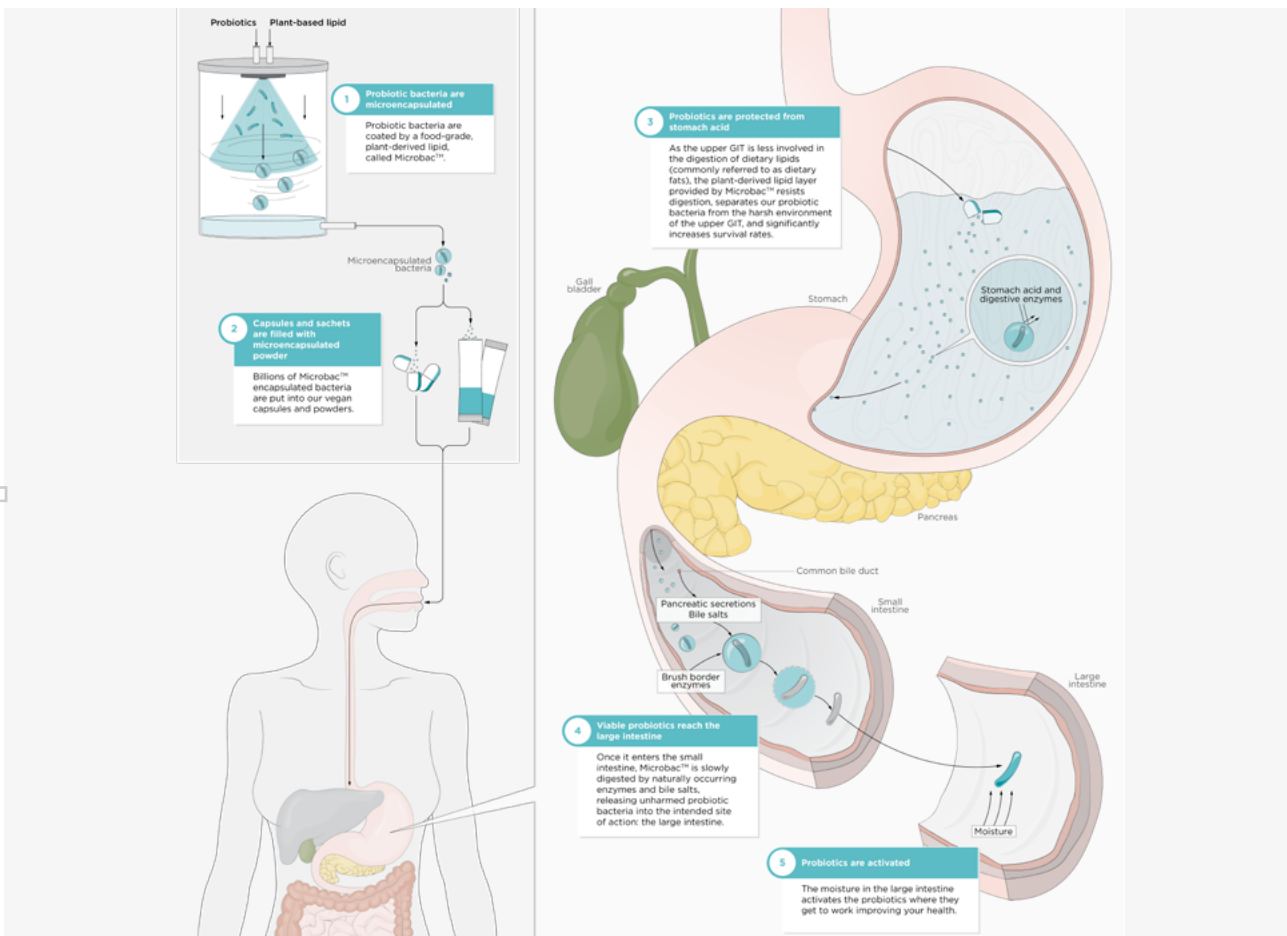
- Probiotics and sub-threshold depression
- Probiotics and osteopenia
- Probiotics and childrens immune health

Expertise

The board and management has a strong global track record with existing professional networks across the healthcare industry in Australia, Asia and Europe. The expertise and passion of Biome's team sets Biome apart and is a critical and unique differentiator.

Microencapsulated probiotics

Innovative microencapsulation delivery technology supports 5x greater survivability of Biome's microencapsulated probiotic bacteria when compared to uncoated probiotics



Chair letter to shareholders

Dear fellow shareholders,

It gives me great pleasure to present Biome Australia's inaugural FY22 Annual Report.

Following the successful listing onto the Australian Securities Exchange in November 2021, the Biome team have been busy executing on our strategy, resulting in significant growth and success across the business.

Despite ongoing external forces including COVID, inflation, supply chain challenges and global instability, the Biome team have executed across all core areas.

During the financial year, the team received positive outcomes on two breakthrough independent clinical trials supporting the launch of two new products and have engaged La Trobe University and Federation University to commence further research on targeted probiotics for three key conditions, mental health, osteoporosis prevention and children's immune health. We expect significant progress in all three this financial year.

Biome products are now available at circa 3000 locations around Australia and in the United Kingdom. Locally available at both TerryWhite Chemmart and Priceline Pharmacy, our key pharmacy distribution partners for Activated Probiotics.

Our team have delivered another year of strong growth, reaching sales of \$4.12m, up 78% on FY21, closing quarter four at an annualized run rate of \$5.5m. I am very pleased with the financial performance of Biome, delivering substantial

revenue growth, reduced operating losses, gross margin improvement and sustainable growth, all while in our first year as a publicly listed company.

In September 2022, the team completed the move to our new offices in Collingwood, VIC, enabling internalisation of warehousing functions, providing more control of this key element. Additional team members have successfully been recruited over the past months to ensure Biome has the resources in place to continue to execute our rapid growth plans.

On behalf of the Biome Board of Directors, I would like to thank you for your ongoing support.



ILARIO FAENZA
Non-Executive Chairman

A handwritten signature in black ink, appearing to read 'I Faenza', written over a white background.

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CEO letter to shareholders

It is my pleasure to share this CEO letter: the first as a public company.

Biome is doing important work to help solve unmet medical needs for patients with various health conditions. This spans across the areas of mental health through to irritable bowel syndrome (IBS) and skin health. This support into novel clinical research and product development in live biotherapeutics is leading the industry for innovation and represents a real opportunity to impact the quality of life of not only Australians but the wider global population.

The feedback from our network of allied health professional partners is that Activated Probiotics' products are changing the lives of their patients: further evidenced by the incredible customer loyalty and retention we receive. Data from our strategic distribution partner, TerryWhite Chemmart, shows that the average Activated Probiotics customer purchases more than two monthly units of probiotics per transaction and returns to repurchase at a higher rate than the category average.

The financial year 2022 was a keystone year for Biome. The business reached scale in distribution, setting the company up for ongoing growth for the coming years. As previously shared, Biome's sales revenue has grown to over \$4.1m – a 78% increase on FY21 – and distribution has increased 50% since IPO on November 30 to circa 3000 health outlets. Successful results of independent clinical trials on the use of targeted probiotics for Asthma and Acne further proved the efficacy of Biome Breathe and led to the launch of Biome Acne probiotic. In a challenging global market we have closed the year with an increased gross margin of 58%.

In addition to listing on the ASX, Biome was awarded its B Corp certification in November 2021. B Corps are companies that meet the highest verified

standards of social and environmental performance, transparency, and accountability. This was a proud moment for the business as our positive impact is paramount to our team, our culture and for the ongoing recruitment of industry leading talent.

With the close of FY22, I am pleased to share that Biome has successfully re-signed our strategic distribution partnership with Terry White Chemmart, signed a breakthrough agreement with Priceline pharmacy and finished the year as the number one in growth, professional vitamin brand within a number of our pharmacy banner groups and both of Australia's largest pharmacy wholesalers, Symbion and API.

It was a challenging year for our partner manufacturers, with upward pressure on raw material prices and logistics costs. To manage this risk, we negotiated an improvement in raw material costs and achieved scale benefits, further improving our gross margin. During the pandemic, just-in-time inventory management has been a challenge for many companies. Biome's operations team successfully maintained a constant supply of products through implementing a rolling twelve-month manufacturing forecast and preallocated production and logistics slots to minimize any out of stocks. Our distribution partners are reporting significant out-of-stocks of up to 50% for other brands within the vitamin category, positioning Activated Probiotics to continue to rapidly gain market share.

Biome's major retail pharmacy partners – TerryWhite Chemmart, Blooms the Chemist, Wizard Pharmacy, Pharmacy 777, Priceline Pharmacy and Pharmacy Choice – have all supported ongoing growth by increasing shelf space and accepting all of our new products to core range and planogram. Throughout

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the year we launched four new targeted probiotic products: Biome Acne and Biome Eczema for patients with skin conditions, Biome Her for vaginal health and Biome Baby for infant colic and immune development. All of these new products have received positive feedback from health professionals and their patients.

We have locked in supply of product for the next twelve months on preferential trading terms with Biome's key suppliers to make sure we can support what is predicted to be another record year for revenue generation.

Having reached operating scale in Australia, we expect our rapid revenue growth to continue with only moderate increased operating costs.

Our sales and education teams have done the hard work in securing national distribution across pharmacy and practitioner channels and are set up to provide one of the highest quality product and service offerings in the market. Biome's team is well underway with its national, deep education and sales program detailing health professionals. Our aim is to become the number one trusted probiotic brand in Australia, and we are well on the way to achieving this.

I am pleased to share the early successes of Activated Probiotics in the European market. 18 months into the test-market program, the brand now has national distribution in the UK and Irish

practitioner markets. As these markets grow, we expect to demonstrate the scalability of the brand across international borders.

As key to our mission, Biome will continue to develop novel, clinically-proven products that have the potential to help patients with unmet medical needs.

We appreciate your support in coming on this journey with us and look forward to sharing many more successes together in the financial year 2023.



Blair Vega Norfolk

Managing Director

A handwritten signature in black ink, appearing to read 'Blair Vega Norfolk', written in a cursive style.

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Operations Report



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Aiming to be a global leader in premium evidence-based live biotherapeutic products.



Targeted products for targeted outcomes

Biome aims to be a global leader in premium evidence-based live biotherapeutic products.

Biome is changing the probiotic space within the Australian, New Zealand and UK markets through the release of live biotherapeutic products which each target a specific health concern and aim to improve patient outcomes.

In FY22, Biome Australia released five new live biotherapeutic products. Four of these products, including Biome Her Probiotic, Biome Eczema Probiotic, Biome Acne Probiotic and Biome Baby Probiotic, targeted new conditions and expanded the customer demographic.

An additional pack size for Biome Advanced Probiotic, which was formulated to support antibiotic recovery, was also released and is now available in 10 capsules to better support patient affordability and increase uptake of the product alongside antibiotic prescriptions.

With the release of these new products, supported by clinical evidence of efficacy, Activated Probiotics is now able to help a greater number of patients and address a greater number of health concerns.

Innovating with new targeted products

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BIOME HER PROBIOTIC

To help maintain a healthy vaginal microbiome

Benefits supported by a clinical trial on women with recurrent vaginal candidiasis.

The study demonstrated a recurrence rate of only 14.3% during the 7 months following the administration of two probiotic strains in Biome Her™ (Lactobacillus fermentum LF10 and Lactobacillus acidophilus LA02) for 10 weeks. This is significantly lower when compared to recurrence rates following standard treatment.

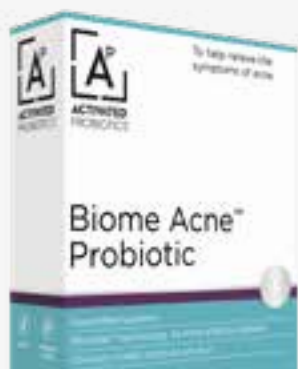


BIOME ECZEMA PROBIOTIC

To help reduce the symptoms of mild eczema

Benefits supported by a randomised, double-blind, placebo-controlled trial.

The study demonstrated that administration of the probiotic strain in Biome Eczema™ to adults with moderate-to-severe eczema reduced symptom severity by 53% and improved quality of life by 55%, while no significant changes were reported in the placebo group.



BIOME ACNE PROBIOTIC

To help reduce the symptoms of acne

Benefits supported by a randomised, double-blind, placebo-controlled trial.

The study demonstrated that use of the probiotic formulation in Biome Acne™ led to a 31% reduction in acne severity in four weeks, and a 39% reduction in 8 weeks which was statistically significant when compared to placebo ($p < 0.05$).



BIOME BABY PROBIOTIC

To help support immune and digestive health and reduce symptoms of colic in infants

Benefits supported by a randomised, double-blind, placebo-controlled trial.

Use of two probiotic strains within Biome Baby™ Probiotic led to statistically significant reductions in crying time in bottle-fed infants compared to placebo during the third month of treatment ($p = 0.01$)

Enhancing the performance of probiotic products with innovative manufacturing and packaging



MICROENCAPSULATION TECHNOLOGY

Activated Probiotics® uses an innovative microencapsulation technology to protect its probiotic bacteria from the harmful effects of stomach acid, allowing up to 5x more probiotic bacteria to survive transit through the stomach and reach the colon alive, compared to traditional uncoated probiotics.



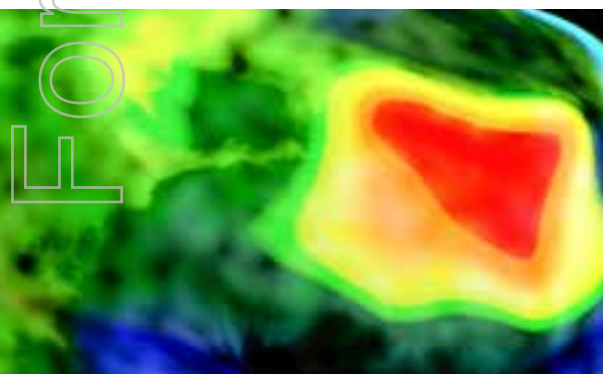
PHARMACEUTICAL GRADE BLISTER PACKAGING

Activated Probiotics' capsules are individually sealed in pharmaceutical-grade blister packaging. This packaging ensures each serve remains individually sealed until the moment before consumption and better protects probiotic bacteria from the damaging effects of environmental moisture, oxygen and UV light compared to alternative forms of packaging, such as bottles.



FAST-MELT FORMULATIONS FOR CHILDREN

Activated Probiotics' single-serve sachets in products intended for children over the age of 2 contain a fast-melt formula that dissolves in the mouth without the need for water. With natural sweeteners and vanilla flavouring, this combination creates an enjoyable experience for children taking Activated Probiotics' products.



FLOW CYTOMETRY ENUMERATION

Activated Probiotics uses the latest flow cytometry technology to more accurately count the number of living and metabolically active bacteria found in its products, when compared to traditional plate count measures or colony forming units (CFUs).

Flow cytometry technology analyses bacteria one-by-one using fluorescent dyes and lasers, ensuring only viable bacteria are counted in the final tally of 'billion live bacteria' (BLB).

Driven by clinical evidence

Biome Australia is proud of the fact that its live biotherapeutic products within the Activated Probiotics® range are supported by clinical evidence of efficacy, with a number of products supported by randomised, double-blind, placebo-controlled trials on their complete formulations.

Biome believes that increasing the level of evidence supporting complementary medicines is an important goal for the industry. Greater evidence-based products will lead to better health outcomes for consumers

and the public health system, and lead to wider acceptance of the industry.

Biome is constantly seeking to expand the evidence base supporting its existing products.

Over FY22, a number of Biome's products and formulations have been the subject of ongoing clinical trials that are seeking to build upon their current body of evidence and investigate their efficacy in new applications.

These trials have been possible through collaboration with key

world-leading research partners, including LaTrobe University, Federation University, Probiotal S.p.A. and Probi AB.

These research projects are currently investigating the application of Biome Lift™ Probiotic on subthreshold depression, Biome Daily Kids™ Probiotic on absenteeism and immune health in children in daycare, and the probiotic strains within Biome Osteo™ Probiotic in women with osteopenia.

Product	Ethics Approval	Recruitment and Trial Commence	Completion of Recruitment	Preliminary Results	Final Results
ASTHMA Biome Breathe Probiotic	✓	✓	✓	✓	✓
ACNE Biome Acne Probiotic	✓	✓	✓	✓	✓
SUBTHRESHOLD DEPRESSION Biome Lift Probiotic	✓	✓	✓	Q3 FY23	Q4 FY23
OSTEOPOROSIS PREVENTION Biome Osteo Probiotic	✓	✓	Q3 FY23	Q4 FY23	TBA
PAEDIATRIC IMMUNE HEALTH Biome Kids Probiotic	Q3 FY22	Q1 FY23	TBA	TBA	TBA

 Complete
  Scheduled

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Culture & Values

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We feel strongly that
business can be a
force for good

BCorp

The past financial year saw Biome Australia awarded a proud achievement: B Corp Certification

Certified B Corporations® (B Corps™) are for-profit companies that use the power of business to build a more inclusive and sustainable economy. They meet the highest verified standards of social and environmental performance, transparency, and accountability.

The Biome team feels strongly that business can be a force for good. Biome Australia aims to improve not only health outcomes, but be seen as a company working to redefine success in business, demonstrating that inclusivity and sustainability can be part of a healthy economy.

Certified



This company meets the highest standards of social and environmental impact

Corporation

People & recruitment

Biome Australia is an equal opportunities employer.

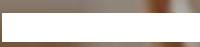
In line with B Corp values, Biome aims to provide a flexible and supportive workplace. Excellent staff retention rates give an indication of team member satisfaction. All recent new hires have come from within the networks of existing staff members, reinforcing this contentment. Biome feels fortunate to be frequently approached by professionals within the field who have been following the journey of Biome Australia and are keen to hear of any potential openings. Biome is proud of its reputation as an excellent place to work.



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Education First



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Education is the
thread running
through everything
we do at Biome
Australia

Education & training

We pride ourselves on providing sophisticated education of the highest quality, informed by the latest research in microbiome science.

We believe education is key to achieving our aim to be the most trusted probiotic brand in Australia.

“ Thank you so much for today's education session. Highly informative and mind blowing information on such an exciting area of research. Highly recommend to anyone to get on board these education seminars to get up to date info on all things probiotics! ”

Rebecca Kimm | Naturopath

Biome Australia's education leadership team attend conferences and keep up to date with cutting edge research, then distill learnings to the field team. Our sales territory managers / practitioner education consultants (PECs) are talented and empathic healthcare professionals. They use their in-depth knowledge of the research behind our products to foster trust with the pharmacy and practitioner accounts they serve. As well as providing education on Activated Probiotics products, they are well-versed in broader microbiome science and keep abreast of the latest findings and research. This helps us maintain our reputation as the best-informed provider of live biotherapeutics.

Key Education staff present at pharmacy banner group conferences, providing clinical updates to pharmacy professionals. This education is then followed up in individual pharmacies by the field team, ensuring that key messages have been assimilated. Our field team also provide one-on-one and small group education sessions to healthcare professionals who are not within a pharmacy setting, such as general practitioners, medical specialists, naturopaths, nutritionists, and dietitians.

In line with our B Corp values, we aim to provide a flexible and supportive workplace. This is one of

the factors which allows us to recruit high quality and committed field team members.

All of our recent new hires have come from within the networks of existing staff members, reinforcing this contentment. We feel fortunate to be frequently approached by professionals within the field who have been following the journey of Biome Australia and are keen to hear of any potential openings. We are proud of our reputation as an excellent place to work, and proud of the quality of education being delivered by our team.

Throughout the era of lockdowns, we utilised technology to assist in reaching practitioners for clinical and research updates. Over the course of FY22, Biome Australia delivered more than 40 educational webinars across Australia and New Zealand with more than 10k health professionals attending.

Our UK team delivered monthly webinars, as well as multiple virtual and in-person education sessions across the UK and Ireland.

Practitioners across Australia, New Zealand, the UK, and Ireland have great trust in Activated Probiotics. This trust is bolstered by the provision of high quality in-person and virtual education.



Rebecca Edwards | Director of education

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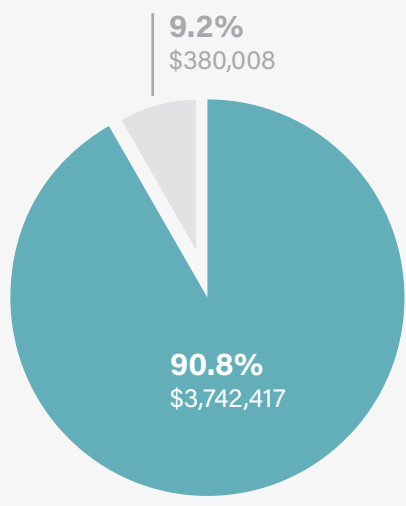
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Sales

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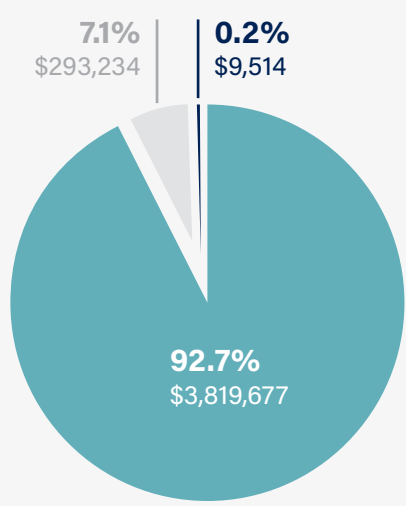
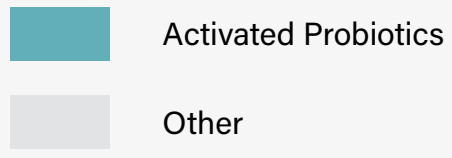
Be the leader in
education & provide
evidence-based
live biotherapeutic
probiotics

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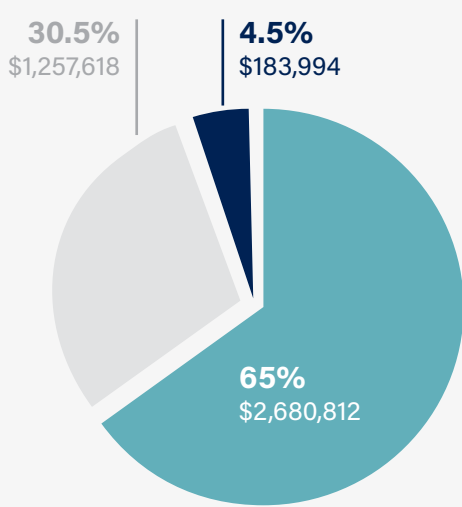
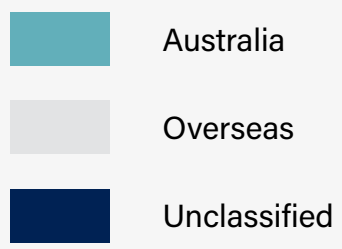
SALES BY BRAND FY22

\$4,122,425



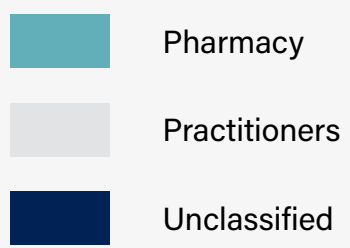
SALES BY GEOGRAPHY

\$4,122,425



SALES BY CHANNEL

\$4,122,425



Biome's mission is to build trust with consumers and health practitioners and to make natural medicine accessible to all.

Biome is now partnered with six key distributors throughout Australia to cater for private clinicians, health food stores, and pharmacies.

Biome's sales strategy leads with education and customer service. The foundation of every sales and marketing touchpoint is evidence-based education and training.

All seven states and territories of Australia are served by the national team of practitioner education consultants. These territory managers are qualified health professionals who execute the Biome sales strategy

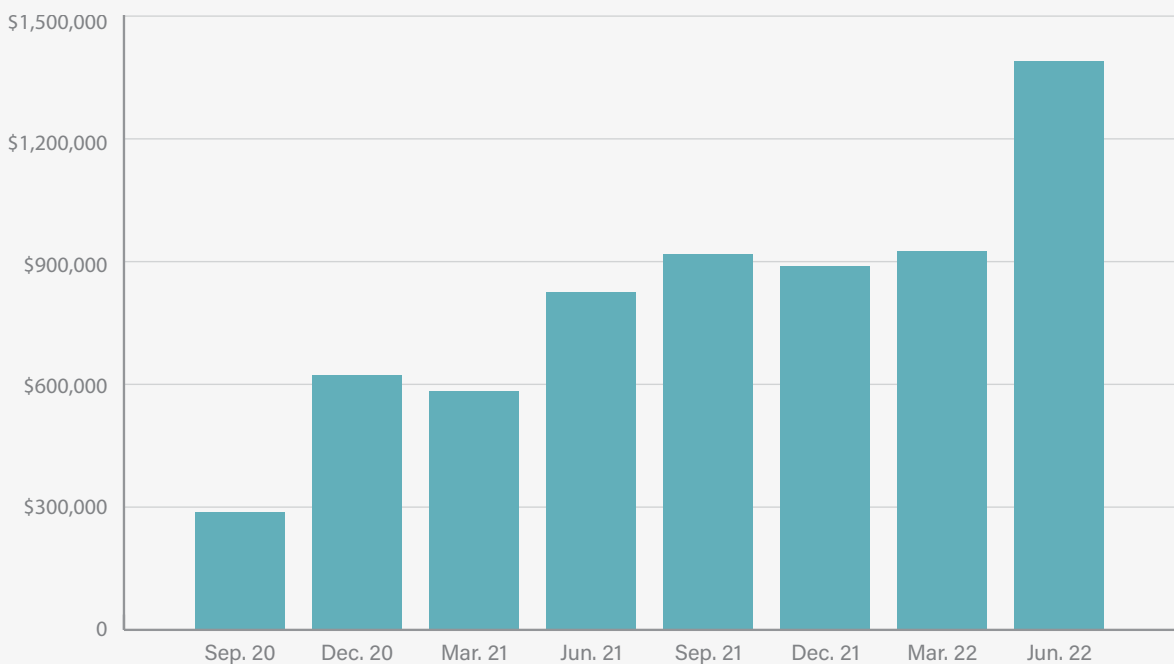
across all distribution channels. With continued service and support the team gains trust and develops long lasting relationships which continue to support and drive new business.

FY22 saw the hiring of a national account manager, increasing support for banner activity, marketing, promotions, territory mapping, coaching and skill building to maximise the full potential for all accounts.

Customer sell-through data across domestic channels shows an uplift of 131% growth vs last year in units sold. Biome Australia introduced two new

distributors servicing the practitioner market which helped contribute to this growth, Rener Health Products (WA) in July 2021 and Ariya Health (QLD) in October 2021. Although the impact of these two new distributors is not yet realised it has expanded Biome's reach to regional Western Australia and Far North Queensland markets.

TOPLINE QUARTERLY SALES FY21-22



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Sales state by state

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In pharmacy banner groups and wholesalers, Activated Probiotics has outgrown the total vitamin category in FY22.

57%

**Symbion (EBOS) Pharmacy
Wholesale FY22**

Highest growth brand in vitamin category

136%

**API Pharmacy Wholesale
FY22**

Highest growth brand in professional vitamin category

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Building our brand

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Proudly raising
awareness about
live biotherapeutic
probiotics

Pharmacy channel marketing

Biome Australia is partnering with key pharmacy banner groups on agreed promotional programs.

As a professional (practitioner-only) brand Activated Probiotics is proud to build trust and raise education standards through all marketing and training touchpoints.

Pharmacy channel marketing includes:

- Targeted email marketing to selected patient groups
- Pharmacist recommendation and co-prescribing campaigns
- National TV advertising and Channel 7 Morning show segments
- Store staff incentives and product sampling alongside in store education
- Catalogue activity and window displays to drive the consumer to speak to the pharmacist

A portion of overall pharmacy customer trade spend is also attributed to education:

- Professional Pharmacist Masterclass events
- CPD education events
- Online modules via pharmacy brand platform as well as third party education suppliers (Frntlne)
- Education webinars
- One on one training and group training in pharmacy outlets
- Industry trade conferences



PHARMACY WINDOW - NSW



PHARMACY WINDOW - WA



Practitioner channel marketing

A recent expansion into the practitioner channel now sees Biome, and in particular Activated Probiotics, as a new driver in education and evidence-based clinical solutions.

Trade journal advertising includes:

- Professional trade publications
- New parents hospital bags product sampling
- Online advertising with industry associations and naturopathic colleges

Education and trade events:

- Australian Traditional Medicine Society (ATMS) Fertility Symposium
- ATMS Webinar sponsorships
- AMNEC dietitians
- Australian Natural Therapies Association (ANTA) annual national seminar series
- National Herbalists Association of Australia (NHAA) Summit
- Podcasts with top influential practitioners in Australian market
- Sports Dieticians Association (SDA) conference
- Metabolic Balance affiliation and webinar series

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ROCKPOSTERS - NSW & VIC



Health clinic program & purpose

Biome Australia partners with community pharmacy groups to support them to deliver widely-accessible front-line healthcare.

Biome Australia's health clinic program complements community pharmacies' ability to provide health services including preventative screens and checks, strengthening the ability to improve the health and wellbeing of more Australians.

The health clinic program has been designed to create a valuable experience for the customer, as well as the pharmacy, and is facilitated by Biome's team of practitioner education consultants.

In return for providing this service which benefits their customers and increases foot traffic within the pharmacy, Biome's practitioner education consultants gain a greater level of access to key staff members and health practitioners for training and education on Biome's product portfolio.

This program creates additional value for Biome and its Activated Probiotics brand through increasing planogram compliance, product ranging, and promoting active product recommendation and sales.

The health clinic program positions Biome as a leading provider of high quality service to both customers and the patients of a pharmacy, fostering trust and customer loyalty to the Activated Probiotics brand.

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International Market Summary



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Continuing progress for the UK & burgeoning European region

Biome's European education program, spearheaded by monthly webinars, has reached practitioners in 25 countries.

With more than 150 practitioners signing up for each webinar, Activated Probiotics is now well established as a leading educational brand in the complementary healthcare sector.

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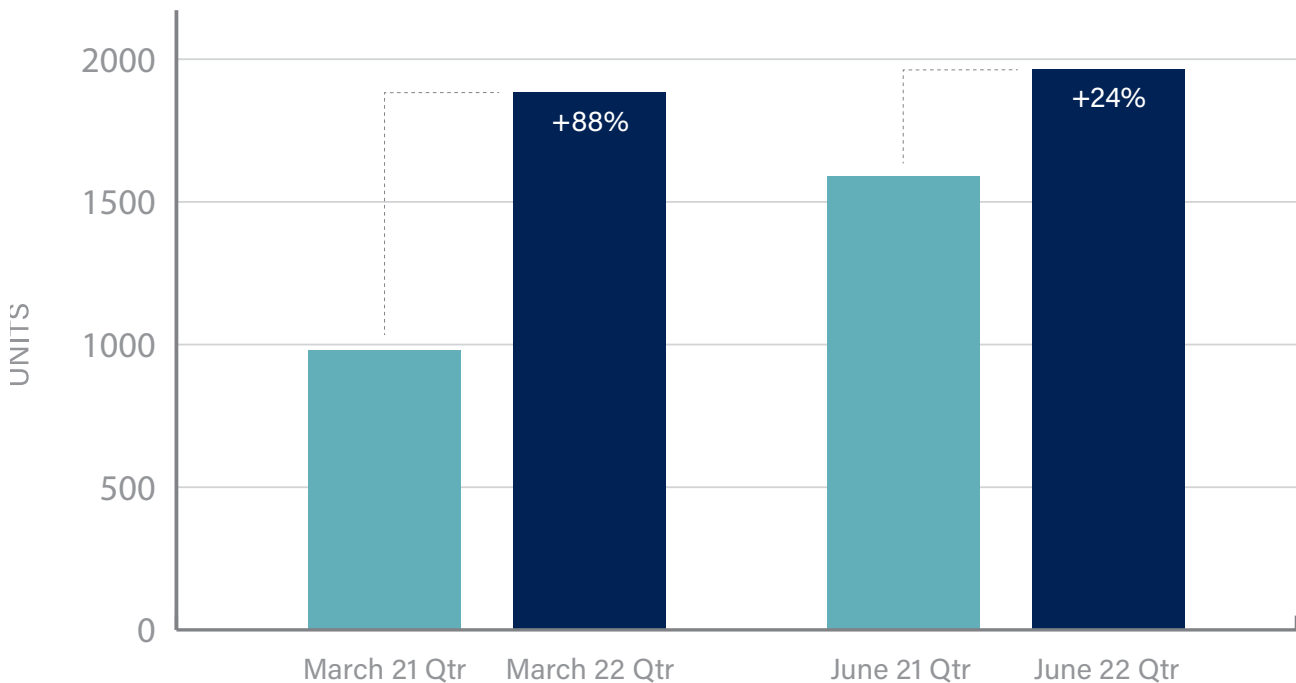


Given the relative unfamiliarity of the British practitioner market with strain-specific probiotics, the strategy has been to address newly-qualified practitioners - an audience receptive to innovation and emerging research.

Evidence of success was demonstrated by an invitation to speak at The ION (Institute of Optimum Nutrition) Industry day, a privilege extended to a handful of brands each year, with Activated Probiotics being the only new brand to be invited.

Biome has forged strong relationships with the leading professional associations, the Association of Naturopathic Practitioners (ANP) and the British Naturopathic Association (BNA), presenting seminars for each body in major UK cities.

The results of this educational program can also be seen in Biome's sales figures. The graph below compares total sales of Activated Probiotics for the March and June quarters in 2021 versus 2022 through wholesale partners in the UK and Republic of Ireland.



Biome's most significant partner in the UK and EU market is The Natural Dispensary, which has successfully mitigated the risk of Brexit by establishing a sister company, Pure and Natural, in the Republic of Ireland. Another major UK partner, Amrita Nutrition, has also now set up a business in the EU. Biome has recently signed with a new wholesale partner, Proactive Dispensary, in Northern Ireland, who has placed an opening order.

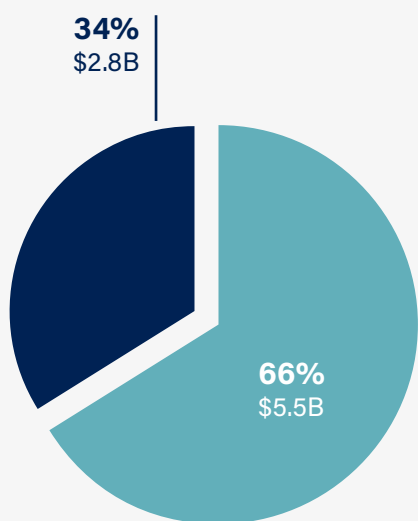
Biome's UK and Irish team has a headcount of four, working at a combined FTE of 2.0.

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Growth Program



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TOTAL ADDRESSABLE AUSTRALIAN MARKET

- Complimentary Medicines
- Biome's Adjunct Medication Market

International markets represent an even larger opportunity

Short term growth strategies

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1.

Increase average account sell-through of Activated Probiotics across all existing distribution points.

\$+

Biome's top three distribution outlets are averaging \$100k+ per year of Activated Probiotics sales. Biome's education and sales team's are working to grow the sales revenue in our 3000 accounts towards this level.

STORE
ACTIVATION
STRATEGY

Education & Training

Deeper channel penetration with industry leading education and training.

Product Range Expansion

Health Clinics

Health clinic expansion as part of Biome's premium service and support package.

2.

Increase distribution into new pharmacy and health practitioners

50%

Total market penetration goal

Biome currently has 3,000 distribution points in Australia between pharmacy and independent health practitioners.

The estimated addressable market is in excess of 12,000 distribution points, 5,800 pharmacies and 6,000+ independent health practitioners (accounts).

Biome currently has 25% total market penetration and aims to grow this to 50% within 2-3 years in conjunction with increased per outlet sales

Short term growth strategies

3. Develop the adjunct medication and co-prescribing market'

\$2.8B

Total addressable market

Biome has a unique opportunity in the suitability of Activated Probiotics' products to be recommended alongside various medications by pharmacists and doctors.

Targeted approach with key pharmacy banner group partners.

This represents a total addressable market of \$2.8B in Australia, prescribed alongside various medications. (See adjunct medication program p. 47).

4. Continue measured expansion into the UK / EU market



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Long term growth strategies

Drive profitability to deliver exceptional shareholder returns including dividends

Further develop Biome's adjunct medication market' within community pharmacy (220m scripts per year)

Ongoing expansion of product portfolio with focus on novel products to address patients' unmet medical needs

Reach 80% of the Australian community pharmacy market

Explore distribution opportunities in new markets across Europe, North America and Asia-Pacific

Explore further optimisation of manufacturing processes

Identify acquisition targets to bolster organic growth

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Adjunct medication market & co-prescribing program

In a competitive market where many complementary medicines are positioned within the fast-moving consumer goods categories in pharmacy and supermarket, Biome Australia has differentiated its Activated Probiotics brand through its positioning as a 'practitioner-only' range of live biotherapeutic probiotics. Activated Probiotics products are located behind the counter in pharmacy and private health practitioner dispensaries for practitioner recommendation only.

This positioning lends itself to target adjunct selling with prescription medications (i.e. selling a product as a complementary product to prescription medications), and allows Biome access to this secondary market within community pharmacy. From July 2021 to June 2022, the total number of prescriptions under the PBS was 212,605,689.

MEDICATION & MARKET SIZE	ADJUNCT PRODUCT	2% MARKET OPPORTUNITY ⁽¹⁾
40M Prescriptions per year 	 Biome Lift Probiotic To support healthy mood balance and enhance sleep quality	800k \$21M Units per year Revenue opportunity per year
30M Prescriptions per year 	 Biome Advanced Probiotic To help restore the balance of beneficial gut bacteria after antibiotic use	600k \$19M Units per year Revenue opportunity per year
15M Prescriptions per year 	 Biome Breathe Probiotic To help stimulate a healthy immune system response in children	300k \$9M Units per year Revenue opportunity per year
10M Prescriptions per year 	 Biome Osteo Probiotic To help promote bone health in adults	200k \$6M Units per year Revenue opportunity per year
5M Prescriptions per year 	 Biome Eczema Probiotic To help reduce the symptoms of mild eczema	100k \$2M Units per year Revenue opportunity per year

40M
Prescriptions per year



Biome Lift Probiotic

To support healthy mood balance and enhance sleep quality

800k **\$21M**
Units per year Revenue opportunity per year

30M
Prescriptions per year



Biome Advanced Probiotic

To help restore the balance of beneficial gut bacteria after antibiotic use

600k **\$19M**
Units per year Revenue opportunity per year

15M
Prescriptions per year



Biome Breathe Probiotic

To help stimulate a healthy immune system response in children

300k **\$9M**
Units per year Revenue opportunity per year

10M
Prescriptions per year



Biome Osteo Probiotic

To help promote bone health in adults

200k **\$6M**
Units per year Revenue opportunity per year

5M
Prescriptions per year



Biome Eczema Probiotic

To help reduce the symptoms of mild eczema

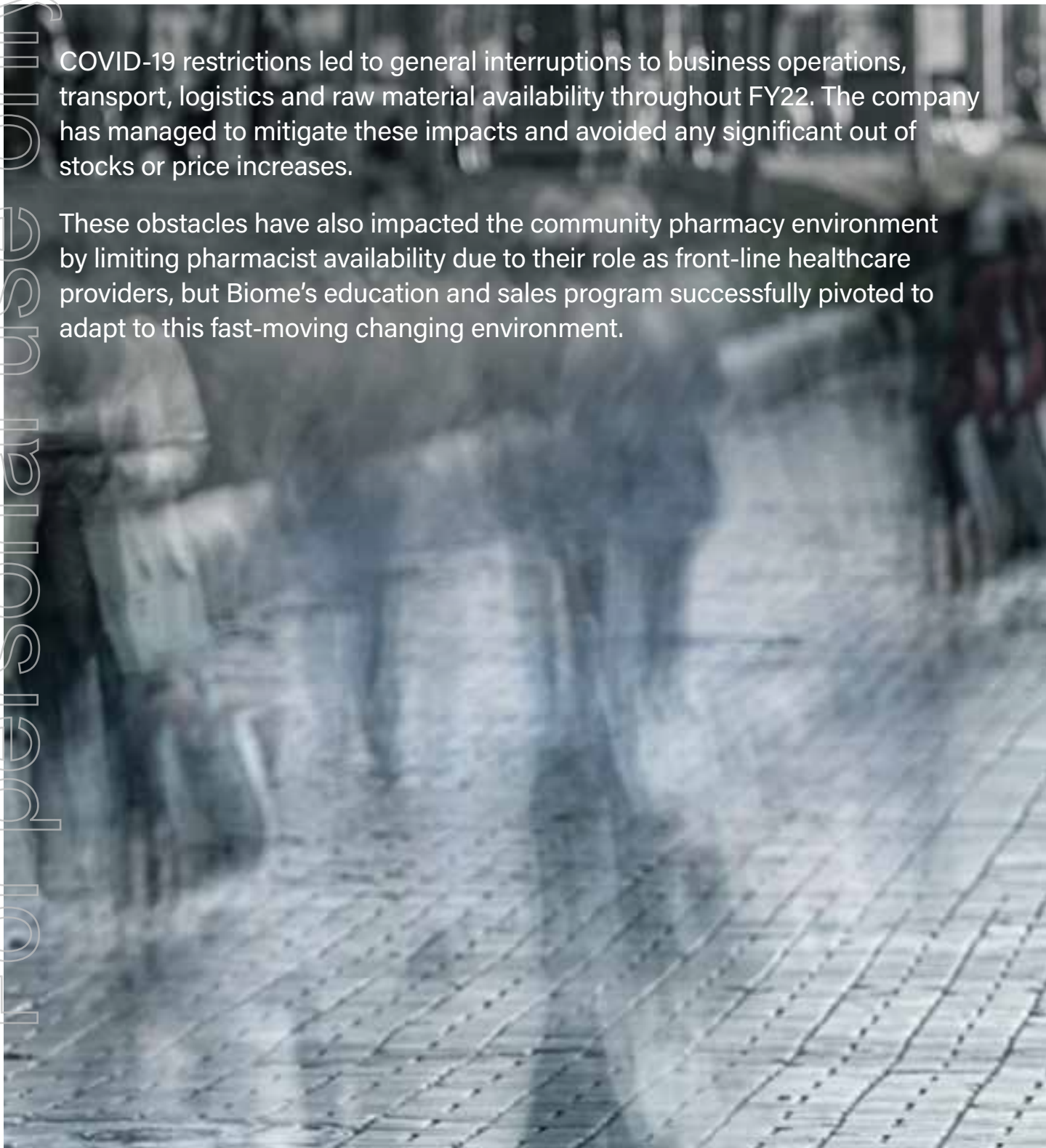
100k **\$2M**
Units per year Revenue opportunity per year

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COVID Impact & Environment

COVID-19 restrictions led to general interruptions to business operations, transport, logistics and raw material availability throughout FY22. The company has managed to mitigate these impacts and avoided any significant out of stocks or price increases.

These obstacles have also impacted the community pharmacy environment by limiting pharmacist availability due to their role as front-line healthcare providers, but Biome's education and sales program successfully pivoted to adapt to this fast-moving changing environment.



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30 JUNE 2022

Annual Financial Report

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Biome Australia Limited
Corporate directory
30 June 2022

Directors	Blair William Brabin Vega Norfolk (Managing Director) Ilario Thomas Faenza (Non-Executive Chairman, Independent from 19 October 2021) Dominique Gayle Fisher (Independent Non-Executive Director)
Company secretary	George Lazarou
Registered office	192-194 Johnston Street Collingwood Victoria 3066 Phone: (03) 9017 5800
Principal place of business	192-194 Johnston Street Collingwood Victoria 3066
Share register	Automic Pty Ltd 477 Collins Street Melbourne Victoria 3000 Phone: 1300 288 664
Auditor	JTP Assurance Level 10, 446 Collins Street Melbourne VIC 3000
Stock exchange listing	Biome Australia Limited shares are listed on the Australian Securities Exchange (ASX code: BIO)
Website	https://biomeaustralia.com/
Corporate Governance Statement	The Company's Corporate Governance Statement can be located on our website at the following link: https://biomeaustralia.com/investor-centre/

Biome Australia Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Biome Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Biome Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Ilario Thomas Faenza - Non-executive Chairman, Independent from 19 October 2021 (appointed 18 August 2020)
Mr Blair William Brabin Vega Norfolk - Managing Director (appointed 6 July 2018)
Ms Dominique Gayle Fisher - Independent Non-executive Director (appointed 12 August 2021)
Dr Jaroslav Haman Boublik - Executive Director (resigned 19 October 2021)
Mr Douglas Chee Yong Loh - Executive Director (resigned 19 October 2021)

Principal activities

The principal activities of the Group during the financial year were developing, manufacturing and distributing innovative evidence-based products linking the gut and human health through the Group owned brands:

- Activated Nutrients, a range of completely organic, plant-based, all in-one nutritional products;
- Activated Probiotics, a first-of-its-kind range of clinically-backed precision probiotics; and
- AXP, a certified range of performance products for athletes.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$4,540,580 (30 June 2021: \$5,381,116).

Financial Performance

During the year, the Company experienced strong sales growth with revenue increasing by 77.8% to \$4,122,425 compared to the previous corresponding period (FY21 \$2,318,402). The strong sales growth has been driven primarily by Biome's Activated Probiotics, live biotherapeutics (probiotics).

Retail pharmacy partner, Terry White Chemmart and Blooms The Chemist and pharmacy wholesaler Symbion, reported that Biome's Activated Probiotics is the number one growth brand across both professional vitamin and the wider vitamin category for the 12 months to June 2022. The sales trajectory has also benefited from the progressive easing of the COVID-19 lockdown restrictions throughout Australia and the consequential return of active field sales.

The loss for the consolidated entity after providing for income tax amounted to \$4,540,580 (30 June 2021: \$5,381,116). Sales and marketing costs increased by \$142,892 to \$3,532,661 as a result of increased expenditure on promoting the Company's products.

During the financial year the Company strengthened its product portfolio through the launch of Biome Eczema, Biome Her, Biome Acne and Biome Baby probiotics opening up new patient customer segments. Feedback from customers (health professionals) has been favourable, reporting positive patient outcomes and improvements in eczema symptoms, acne lesions and female genitourinary health concerns following use of Biome Eczema, Biome Acne and Biome Her Probiotic, respectively. Biome Baby was launched late in the financial year and the business looks forward to sharing feedback on the product over the coming quarters.

Biome's largest distribution channel continues to be community pharmacy that is now further strengthened by the new partnership with Priceline Pharmacy. Recent launches into the health food and practitioner channels with distributors, Osborne Health, Renner Health, Ariya and Vital.ly have supported growth in this new channel. Independent health practitioners now represent more than 25% of Biome's total sales.

Financial Position

During the financial year, the Company went through an initial public offering (IPO) and raised \$8 million before IPO costs (cash costs of \$1 million, netting the Company \$7 million from the IPO) and had \$5,493,394 in cash as at 30 June 2022.

The net assets of the Company increased by \$4,944,919 from June 2021 to \$6,525,047 as at 30 June 2022 which was a result of the Company's IPO and capital raising.

Significant changes in the state of affairs

During the financial year the Company lodged a Prospectus in relation to a capital raising for the issue of 40,000,000 fully paid ordinary shares with an issue price of \$0.20 (20 cents) per share raising \$8 million before costs. The Company completed its capital raising in November 2021 and listed on the Australian Stock Exchange (ASX) on 30 November 2021.

During the financial year and in accordance with the terms of a capital raising mandate with the Company's IPO lead manager, the Company issued a total of 4,262,808 unlisted options with the following terms:

- 2,131,404 options have been issued with an exercise price of \$0.30 exercisable for a period of three years from the date of issue; and
- 2,131,404 options have been issued with an exercise price of \$0.40 exercisable for a period of four years from the date of issue.

During the financial year the Company issued 4,682,156 (post-consolidated basis) performance rights and a total of 16,674,908 (post consolidated) fully paid ordinary shares were issued following the conversion of 16,674,908 (post-consolidated) performance rights. There are nil performance rights on issue at 30 June 2022.

On 18 October 2021 the Company undertook a restructure of its share capital whereby 342,088,475 shares were consolidated into 148,733,950 ordinary shares.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mr Ilario Thomas Faenza (appointed 18 August 2020)
Title:	Non-executive Chairman, Independent from 19 October 2021
Age:	51
Experience and expertise:	M&A, PE & investment banking specialist with over 30 years experience in a range of high growth industries. Ilario has successfully started multiple companies and provided advisory, specialist M&A, due diligence, structuring and fund raising assistance to numerous businesses. Ilario has raised > \$100M over the past 15 years for high growth companies and actively assists management with execution of strategy, commercial negotiations, IPO's and exit strategies.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Special responsibilities:	Member of Audit & Risk Committee and member of Nomination and Remuneration Committee.
Interests in shares:	1,421,809 fully paid ordinary shares

Biome Australia Limited
Directors' report
30 June 2022

Name: Mr Blair William Brabin Vega Norfolk
Title: Managing Director (appointed 6 July 2018)
Age: 37
Qualifications: BCom (Accounting), MMktg (Monash), MAICD
Experience and expertise: A health industry expert with over 12 years of global pharmaceutical and nutraceutical industry experience as management and executive. Since founding the business, Blair has recruited the people, secured funding, products and IP and managed key relationships. Blair has strong relationships in media, pharmacy, research and manufacturing. Blair has a significant public profile as a health advocate and speaks at conferences and panels from mental health to general wellbeing.

Other current directorships: N/A
Former directorships (last 3 years): N/A
Special responsibilities: Managing Director
Interests in shares: 14,339,816 fully paid ordinary shares

Name: Ms Dominique Gayle Fisher
Title: Independent Non-executive Director (appointed 12 August 2021)
Age: 65
Qualifications: BA (Hons)
Experience and expertise: Ms Fisher couples her experience in tech-driven businesses with a strong focus on risk mitigation and financial management which has led to her working across a wide range of sectors in both executive and non-executive roles. Ms Fisher has an extensive non-executive career, having served on ASX listed companies, IAG, Circadian Technologies/ Opthea, Pacific Brands and GrowthOps (2 as Chair), including two IPOs (IAG and TGO) and numerous unlisted companies, including NRMA, LaunchVic and SkyTechnologies.

She has extensive Audit, Remuneration and Risk Committee experience of listed and unlisted companies. She has also served on various government and private advisory boards at both state and federal for both major political parties and government agencies, including the Sydney Opera House, Australia Post and the Australian Council for the Arts.

Other current directorships: N/A
Former directorships (last 3 years): GrowthOps Ltd
Special responsibilities: Chair of Audit & Risk Committee and of Nomination and Remuneration Committee.
Interests in shares: 100,000 fully paid ordinary shares

Name: Dr Jaroslav Haman Boublik
Title: Executive Director (resigned 19 October 2021)
Age: 63
Qualifications: BSc (Hons), PhD (Med), MRACI, C.Chem, AACNEM, MICRS
Experience and expertise: Consultant to the nutritional R&D sector and researcher with over 30 years of experience in nutritional and complementary medicine. Dr. JB is Chief Scientist of LeafCann Group Pty Ltd and CEO of LeafCann Group Research & Advisory. He has published multiple peer-reviewed scientific articles.

Other current directorships: N/A
Former directorships (last 3 years): N/A
Special responsibilities: Chief Science Officer, member of Audit & Risk Committee and member of Nomination and Remuneration Committee.
Interests in shares: 3,698,116

Biome Australia Limited
Directors' report
30 June 2022

Name: Mr Douglas Chee Yong Loh
Title: Executive Director (resigned 19 October 2021)
Age: 56
Qualifications: BEc (Hons), MAICD
Experience and expertise: Over 30 years of advisory, accounting and finance, company management and investment management experience. 19 years as founding member of Acorn Capital and held positions as Portfolio Manager, Head of Equities, CFO, COO and Director. Douglas was Chairman of DXN Limited, an ASX listed pre-fabricated modular data centre manufacturer, builder and operator.

Other current directorships: N/A
Former directorships (last 3 years): DXN Limited
Special responsibilities: Chief Financial Officer
Interests in shares: 12,655,297

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

George Lazarou has held the position of Company secretary from 27 January 2021. He is a qualified Chartered Accountant with over 25 years' experience, including five years as a partner of a mid-tier accounting firm, specialising in the areas of advisory and corporate services. Mr Lazarou has extensive skills in the areas of corporate services, due diligence, independent expert reports, mergers & acquisitions and valuations.

Mr Lazarou has been Chairman, Non-Executive Director and Company Secretary of a number of ASX listed companies since 2006.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Mr Ilario Thomas Faenza	14	14	3	3	2	2
Mr Blair William Brabin Vega Norfolk	14	14	-	-	-	-
Ms Dominique Gayle Fisher	8	9	3	3	2	2
Dr Jaroslav Haman Boublik	10	10	3	3	2	2
Mr Douglas Chee Yong Loh	10	10	-	-	-	-

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$400,000).

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and/or cash are awarded to executives over a period of three years based on long-term incentive measures. These include achieving minimum annual sales revenue of \$4 million for FY22, \$7 million for FY23 and \$10 million for FY24, calculated on an aggregated basis. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2022.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2022, the consolidated entity, through the Nomination and Remuneration Committee, engaged Guerdon Associates, remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs. This has resulted in cash remuneration in the form of an STI and (LTI) being implemented. Guerdon Associates was paid \$18,870 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Nomination and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the company's 10 December 2021 Annual General Meeting ('AGM')

At the 10 December 2021 AGM, 99.48% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

Biome Australia Limited
Directors' report
30 June 2022

The key management personnel of the consolidated entity consisted of the following directors of Biome Australia Limited:

- Mr Ilario Thomas Faenza - Non-executive Chairman, Independent from 19 October 2021 (appointed 18 August 2020)
- Mr Blair William Brabin Vega Norfolk - Managing Director (appointed 6 July 2018)
- Ms Dominique Gayle Fisher - Independent Non-executive Director (appointed 12 August 2021)
- Dr Jaroslav Haman Boublik - Executive Director (resigned 19 October 2021)
- Mr Douglas Chee Yong Loh - Executive Director (resigned 19 October 2021)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr Ilario Thomas Faenza	93,500	0	0	9,350	0	0	102,850
Ms Dominique Gayle Fisher	71,981	0	0	7,198	0	0	79,179
<i>Executive Directors:</i>							
Mr Blair William Brabin Vega Norfolk	296,871	142,500	0	27,500	0	305,819	772,690
<i>Other Key Management Personnel⁽¹⁾:</i>							
Mr Douglas Chee Yong Loh	241,944	66,638	0	24,194	0	152,910	485,686
Dr Jaroslav Haman Boublik	103,815	0	0	0	0	126,887	230,702
	808,111	209,138	0	68,242	0	585,616	1,671,107

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-Executive Directors:</i>						
Mr Ilario Thomas Faenza	100%	27%	0%	0%	0%	73%
Ms Dominique Gayle Fisher	100%	0%	0%	0%	0%	0%
<i>Executive Directors:</i>						
Mr Blair William Brabin Vega Norfolk	41%	29%	19%	0%	40%	71%
<i>Other Key Management Personnel⁽¹⁾:</i>						
Mr Douglas Chee Yong Loh	55%	37%	14%	0%	31%	63%
Dr Jaroslav Haman Boublik	45%	30%	0%	0%	55%	70%

Note (1): Mr Douglas Chee Yong Loh and Dr Jaroslav Haman Boublik were executive directors until 19 October 2021 and were executive directors for all of 2021 financial year.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr Blair William Brabin Vega Norfolk
 Title: Managing Director
 Agreement commenced: Upon listing
 Term of agreement: No fixed term
 Details: \$350,000 per annum plus super
 Short-term and Long term-incentive payments in the event that certain milestones are achieved.
 The agreement is subject to a mutual six month notice period but may be terminated by the Company in the event of serious misconduct.

Name: Mr Douglas Chee Yong Loh
 Title: Managing Director
 Agreement commenced: Upon listing
 Term of agreement: No fixed term
 Details: \$275,000 per annum plus super
 Short-term and Long term-incentive payments in the event that certain milestones are achieved.
 The agreement is subject to a mutual six month notice period but may be terminated by the Company in the event of serious misconduct.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of Performance Rights

A total of 4,682,156 (post consolidation) performance rights were issued during the year. The value of these rights are shown in the table above, under the column Share-based payments.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest-rate	Fair value at grant date
19/8/2021	31/12/2022	\$0.138	\$0.013	88.16%	-	0.21%	\$0.125

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional information

The earnings of the consolidated entity for the four years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Sales revenue	4,122,425	2,318,402	832,749	386,598	-
Net profit/(loss) after tax	(4,470,580)	(5,381,116)	(3,162,163)	(2,011,987)	-
Share price at beginning of year ¹	\$0.20	-	-	-	-
Share price at the end of the year	\$0.075	-	-	-	-

¹ The Company was admitted for quotation on the ASX on 30 November 2021 with the issue price of the shares under the Prospectus being \$0.20.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Holding on date of appointment	Reduction due to consolidation	Additions	Holding on date of resignation	Balance at the end of the year
<i>Ordinary shares</i>						
Mr Ilario Thomas Faenza	0	0	0	1,421,809 ⁽¹⁾	-	1,421,809
Mr Blair William Brabin Vega Norfolk	13,407,639	18,410,000	(7,578,232)	8,510,409 ⁽²⁾	-	14,339,816
Ms Dominique Gayle Fisher (appointed 12 August 2021)	0	0	0	100,000 ⁽³⁾	-	100,000
Mr Douglas Chee Yong Loh (resigned 19 October 2021)	17,913,457	9,900,000	(10,124,998)	4,866,838 ⁽⁴⁾	12,649,297	12,655,297
Dr Jaroslav Haman Boublik (resigned 19 October 2021)	3,339,000	3,164,000	(1,887,261)	2,246,377 ⁽⁵⁾	3,698,116	3,698,116
	<u>34,660,096</u>	<u>31,474,000</u>	<u>(19,590,491)</u>	<u>17,145,433</u>	<u>16,347,413</u>	<u>32,215,038</u>

(1) 436,828 pre-IPO placement shares, balance from conversion of performance rights;

(2) 174,600 shares purchased on-market, balance from conversion of performance rights;

(3) 100,000 shares purchased on-market;

(4) 6,000 shares purchased on-market, balance from conversion of performance rights; and

(5) Conversion of performance rights.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Biome Australia Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
8 February 2019	30 June 2023	\$0.28	1,924,337
24 November 2021	24 November 2024	\$0.30	2,131,404
24 November 2021	24 November 2025	\$0.40	2,131,404
			<u>6,187,145</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Biome Australia Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium of \$11,325 in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The sum insured for Directors' and Officers' Liability Insurance is \$1 million.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of JTP Assurance

There are no officers of the company who are former partners of JTP Assurance.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

JTP Assurance continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Ilario Faenza
Chairman

29 September 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BIOME AUSTRALIA LIMITED
ABN: 51 627 364 014**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

JTP Assurance

JTP ASSURANCE
Chartered Accountants

W. Tarrant

WAYNE TARRANT
Partner

Signed at Melbourne this 29th September 2022

Biome Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Revenue			
Sales revenue	5	4,122,425	2,318,402
Cost of goods sold		<u>(1,735,252)</u>	<u>(1,139,264)</u>
Gross profit		<u>2,387,173</u>	<u>1,179,138</u>
Other income	6	270,657	431,423
Expenses			
Sales and marketing expenses	7	(3,532,661)	(3,389,769)
Corporate and administrative expenses	7	(2,792,646)	(3,073,540)
Occupancy expenses		(205,538)	(132,617)
Depreciation, amortisation and impairments	7	(83,589)	(107,294)
Other expenses		(536,619)	(212,348)
Finance costs	7	<u>(47,357)</u>	<u>(76,109)</u>
Loss before income tax expense		(4,540,580)	(5,381,116)
Income tax expense	8	<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Biome Australia Limited	24	(4,540,580)	(5,381,116)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Biome Australia Limited		<u>(4,540,580)</u>	<u>(5,381,116)</u>
		Cents	Cents
Basic earnings per share	31	(2.57)	(2.18)
Diluted earnings per share	31	(2.57)	(2.18)

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 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	9	5,493,394	609,978
Trade and other receivables	10	794,148	738,824
Inventories	11	1,300,075	1,020,896
Other	12	55,939	24,634
Total current assets		<u>7,643,556</u>	<u>2,394,332</u>
Non-current assets			
Property, plant and equipment	13	174,695	105,593
Right-of-use assets	14	433,000	-
Total non-current assets		<u>607,695</u>	<u>105,593</u>
Total assets		<u>8,251,251</u>	<u>2,499,925</u>
Liabilities			
Current liabilities			
Trade and other payables	15	1,125,558	705,699
Borrowings	16	-	15,735
Lease liabilities	17	91,700	-
Employee benefits	18	133,598	133,598
Provisions	19	-	83
Total current liabilities		<u>1,350,856</u>	<u>855,115</u>
Non-current liabilities			
Borrowings	20	-	64,682
Lease liabilities	21	375,348	-
Total non-current liabilities		<u>375,348</u>	<u>64,682</u>
Total liabilities		<u>1,726,204</u>	<u>919,797</u>
Net assets		<u>6,525,047</u>	<u>1,580,128</u>
Equity			
Issued capital	22	20,639,835	9,830,488
Reserves	23	415,442	1,643,175
Accumulated losses	24	(14,530,230)	(9,893,535)
Total equity		<u>6,525,047</u>	<u>1,580,128</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 2022

Consolidated	Performance rights & options reserve				Total equity
	Issued capital	Subscribed share capital	reserve	Accumulated losses	
	\$	\$	\$	\$	\$
Balance at 1 July 2020	5,877,185	72,500	52,200	(5,052,349)	949,536
Loss after income tax expense for the year	-	-	-	(5,381,116)	(5,381,116)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(5,381,116)	(5,381,116)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	3,530,803	-	-	-	3,530,803
Exercise of performance rights	350,000	-	-	-	350,000
Transfer from subscribed share capital to ordinary shares	72,500	(72,500)	-	-	-
Options expired	-	-	(17,400)	17,400	-
Performance rights expired	-	-	(9,500)	95,000	85,500
Cancellation of performance rights	-	-	(427,530)	427,530	-
Share based payments	-	-	2,045,405	-	2,045,405
Balance at 30 June 2021	<u>9,830,488</u>	<u>-</u>	<u>1,643,175</u>	<u>(9,893,535)</u>	<u>1,580,128</u>

Consolidated	Issued capital	Option Reserves	Performance Rights	Accumulated losses	Total equity
	\$	\$	\$	\$	
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 32)	-	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>

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 2022

Note	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Cash flows from operating activities		
	4,066,491	1,893,028
	(7,758,086)	(4,652,432)
	223,275	179,257
	-	124,000
	46,530	87,419
	-	(24,812)
	852	406
	<u> </u>	<u> </u>
30	(3,420,938)	(2,393,134)
Cash flows from investing activities		
	(128,191)	(67,765)
	28,850	39,000
	<u> </u>	<u> </u>
	(99,341)	(28,765)
Cash flows from financing activities		
	9,678,651	2,636,292
	(57,188)	-
	170,000	266,581
	(1,137,351)	(45,870)
	(250,417)	(273,993)
	<u> </u>	<u> </u>
	8,403,695	2,583,010
	<u> </u>	<u> </u>
	4,883,416	161,111
	609,978	448,867
	<u> </u>	<u> </u>
9	<u><u>5,493,394</u></u>	<u><u>609,978</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

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2022. The directors have the power to amend and reissue the financial statements.

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 28.

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 2022 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'.

Note 2. Significant accounting policies (continued)

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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Biome Australia Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

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. Significant accounting policies (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.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

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.

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

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 2. Significant accounting policies (continued)

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.

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.

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.

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.

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.

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.

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 2. Significant accounting policies (continued)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

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.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 2. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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 2022. 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.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Sales - Domestic	3,819,677	2,061,861
Sales - International	293,234	245,028
Other Sales	9,514	11,513
	<u>4,122,425</u>	<u>2,318,402</u>

Note 6. Other income

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Gain on sale of property, plant and equipment	-	4,493
Interest income	852	254
Partner contributions to clinical trials	-	36,000
R&D tax refund	223,275	179,257
Government COVID-19 incentives	-	124,000
Export Market Development Grant	46,530	87,419
Other income	<u>270,657</u>	<u>431,423</u>

Note 7. Expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Selling and marketing expenses		
Employee costs	1,790,153	1,311,328
Sales & marketing expenses	1,191,163	761,174
Travel expenses	178,108	217,558
Distribution expenses	373,237	119,112
Share based payments	-	980,597
	<u>3,532,661</u>	<u>3,389,769</u>

Note 7. Expenses (continued)

	Consolidated	
	30 June 2022	30 June 2021
Corporate and administrative expenses		
Employee costs	1,235,072	656,961
Consulting fees	351,785	234,563
Accounting fees	104,599	73,522
IT expenses	310,902	108,827
Insurance	67,835	32,668
Secretarial fees	35,000	29,286
Legal fees	203,079	6,323
Other administrative expenses	16,810	11,500
Share based payments	467,564	1,919,890
	<u>2,792,646</u>	<u>3,073,540</u>
Depreciation, amortisation and impairments		
Depreciation expense	26,400	86,683
Amortisation expense	57,189	20,611
	<u>83,589</u>	<u>107,294</u>
Finance costs		
Interest expense	12,638	61,464
Interest expense on leases/right of use assets	13,526	-
Bank charges	2,672	6,315
Settlement discount	8,498	8,330
Merchant fees	3,369	-
Foreign exchange (gains)/losses	6,050	-
Bad debts	604	-
	<u>47,357</u>	<u>76,109</u>
Auditors' Remuneration		
<i>During the financial year the following fees were paid or payable for services provided by JTP Assurance, the auditor of the Group</i>		
Audit services - JTP Assurance	<u>32,000</u>	<u>18,500</u>
	<u>32,000</u>	<u>18,500</u>

Note 8. Income tax benefit

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax expense	(4,540,580)	(5,381,116)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,135,145)	(1,399,090)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D refund	(55,819)	(46,657)
R&D expenses	103,448	130,000
Share-based payments	116,891	754,127
	(970,625)	(561,620)
Current year tax losses not recognised	970,625	561,620
Income tax benefit	-	-

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	(10,196,519)	(6,314,019)
Potential tax benefit @ 25%	2,549,130	1,578,505

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	
	30 June 2022	30 June 2021
	\$	\$
Cash at bank	5,493,394	609,978

Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Trade receivables	793,663	738,215
Other receivables	485	609
	794,148	738,824

Note 11. Current assets - inventories

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Raw materials - at cost	-	6,880
Finished goods - at cost	1,555,941	1,242,604
Provision for slow moving and obsolete stock	(255,866)	(228,588)
	<u>1,300,075</u>	<u>1,020,896</u>

Note 12. Current assets - other

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Other	1,055	-
Bank Guarantee	54,884	24,634
	<u>55,939</u>	<u>24,634</u>

Note 13. Non-current assets – Property, plant and equipment

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Property, plant and equipment - at cost	230,569	135,067
Less: Accumulated depreciation	(55,874)	(29,474)
	<u>174,695</u>	<u>105,593</u>

Reconciliations

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

Consolidated	FFF and M&DE \$	Motor vehicles \$	Leasehold improvements \$	Property, plant and equipment Total \$
Balance at 1 July 2020	15,992	123,053	16,426	155,471
Additions	21,452	42,063	4,250	67,765
Disposals	-	(30,960)	-	(30,960)
Depreciation / Amortisation expense	(19,093)	(28,563)	(5,694)	(53,350)
Impairment	(18,351)	-	(14,982)	(33,333)
	<u>-</u>	<u>105,593</u>	<u>-</u>	<u>105,593</u>
Balance at 30 June 2021	-	105,593	-	105,593
Additions	-	-	128,191	128,191
Disposals	-	(32,689)	-	(32,689)
Depreciation / Amortisation expense	-	(26,400)	-	(83,589)
	<u>-</u>	<u>46,504</u>	<u>128,191</u>	<u>174,695</u>
Balance at 30 June 2022	<u>-</u>	<u>46,504</u>	<u>128,191</u>	<u>174,695</u>

Abbreviation: FFF = Furniture, Fixtures and Fittings; M&DE = Medical and Diagnostic Equipment

Note 14. Non-current assets – Right-of-use assets

	Consolidated	
	30 June 2022	30 June 2021
Right-of-use assets	490,189	-
Amortisation expense	(57,189)	-
	<u>433,000</u>	<u>-</u>

Note 15. Current liabilities - trade and other payables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Trade payables	<u>1,125,558</u>	<u>705,699</u>

Refer to note 26 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Chattel mortgage	<u>-</u>	<u>15,735</u>

Refer to note 26 for further information on financial instruments.

Note 17. Current liabilities - lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Lease liability	<u>91,700</u>	<u>-</u>

Note 18. Current liabilities - employee benefits

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Annual leave	<u>133,598</u>	<u>133,598</u>

Note 19. Current liabilities - provisions

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Prepaid revenue	<u>-</u>	<u>83</u>

Note 20. Non-current liabilities - borrowings

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Related party loans	-	8,447
Chattel mortgage	-	56,235
	<u>-</u>	<u>64,682</u>

Refer to note 26 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Related party loans	-	8,447
Chattel mortgage	-	71,970
	<u>-</u>	<u>80,417</u>

Note 21. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Lease liability	<u>375,348</u>	<u>-</u>

Note 22. Equity - issued capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>199,909,857</u>	<u>301,464,273</u>	<u>20,639,835</u>	<u>9,830,488</u>

Note 22. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	230,771,395		5,877,185
Transfer from subscribed share capital to ordinary shares		1,208,333	\$0.00	72,500
Issue of shares	28 July 2020	165,000	\$0.06	9,900
Issue of shares	1 September 2020	2,903,333	\$0.06	174,200
Issue of shares	31 October 2020	5,027,759	\$0.06	293,266
Issue of shares	11 November 2020	9,443,336	\$0.06	566,600
Issue of shares	11 January 2021	5,333,334	\$0.06	320,000
Issue of shares	1 March 2021	3,083,333	\$0.06	185,000
Issue of shares	12 March 2021	3,756,667	\$0.06	225,400
Issue of shares	19 March 2021	125,000	\$0.06	7,500
Issue of shares	26 March 2021	865,469	\$0.06	51,928
Issue of shares	29 March 2021	666,668	\$0.06	40,000
Issue of shares	26 April 2021	1,866,666	\$0.06	112,000
Issue of shares	13 May 2021	1,666,667	\$0.06	100,000
Issue of shares	27 May 2021	833,333	\$0.06	50,000
Issue of shares	1 June 2021	1,666,667	\$0.06	100,000
Issue of shares	11 June 2021	833,334	\$0.06	50,000
Issue of shares	15 June 2021	5,897,980	\$0.06	353,879
Issue of shares	16 June 2021	1,666,667	\$0.06	100,000
Issue of shares	18 June 2021	1,400,000	\$0.06	84,000
Issue of shares	21 June 2021	1,666,667	\$0.06	100,000
Issue of shares	22 June 2021	3,666,667	\$0.06	220,000
Issue of shares	23 June 2021	2,749,999	\$0.06	165,000
Issue of shares	23 June 2021	11,700,000	\$0.04	468,000
Issue of shares	28 June 2021	1,666,666	\$0.06	100,000
Issue of shares	30 June 2021	833,333	\$0.06	50,000
Capital raising costs		-		(45,870)
Balance	30 June 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)	\$0.00	-
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		-	\$0.00	(1,170,441)
Balance	30 June 2022	<u>199,909,857</u>		<u>20,639,835</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.

Note 22. 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.

Note 23. Equity - reserves

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Share option and performance rights reserves	415,442	1,643,175

Note 24. Equity - accumulated losses

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Accumulated losses at the beginning of the financial year	(9,893,535)	(4,512,419)
Loss after income tax expense for the year	(4,540,580)	(5,381,116)
Cancellation of options	59,437	-
Transfer from reserves	(155,552)	-
Accumulated losses at the end of the financial year	<u>(14,530,230)</u>	<u>(9,893,535)</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.

In order to protect against exchange rate movements, the consolidated entity holds between 30% to 60% of the value of its foreign commercial transactions in relevant foreign currencies for the subsequent 12 months. This effectively provides up to 60% hedging of the company's foreign currency exposure.

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 2022, the consolidated entity's cash/cash equivalents (note 9) are variable interest rate instruments earning less than 0.20% 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.

Note 26. Financial instruments (continued)

Fair value of financial instruments

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

Note 27. Related party transactions

Parent entity

Biome Australia Limited is the parent entity.

Transactions with related parties

There was an outstanding loan from a Director of \$8,447 as at 30 June 2021. This amount was repaid in full during the current financial year.

There were no other transactions with related parties during the current financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 28. Parent entity information and interests in subsidiaries

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax	(1,313,668)	(2,477,550)
Total comprehensive income	<u>(1,313,668)</u>	<u>(2,477,550)</u>

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Total current assets	3,619,279	592,464
Total assets	<u>17,069,307</u>	<u>8,897,476</u>
Total current liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
Equity		
Issued capital	20,639,835	11,486,572
Share option reserve	415,442	83,205
Accumulated losses	<u>(3,985,970)</u>	<u>(2,672,301)</u>
Total equity	<u><u>17,069,307</u></u>	<u><u>8,897,476</u></u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 2021 and 2022.

Note 28. Parent entity information (continued)

Interests in subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2022	Percentage Owned (%) 2021
Subsidiaries:			
Biome Australia Trading Pty Ltd	Melbourne, Victoria, Australia	100	100
Biome Australia IP Pty Ltd	Melbourne, Victoria, Australia	100	100

Contingent liabilities

The parent entity had no contingent liabilities as at 2021 and 2022.

Capital commitments

The parent entity had no capital commitments at 2021 and 2022.

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 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax expense for the year	(4,540,580)	(5,381,116)
Adjustments for:		
Depreciation and amortisation	83,588	107,294
Share-based payments	467,564	2,900,487
Net gain of disposal of property, plant and equipment	-	(4,494)
write down of inventory	-	133,550
Interest on convertible note	-	51,297
Adjustment for IPO costs	600,485	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(55,325)	(461,221)
Increase in inventories	(148,517)	(221,970)
Increase in prepayments	(31,305)	-
Increase in other assets	-	100,873
Decrease in other operating assets	297,295	-
Increase/(decrease) in trade and other payables	(94,143)	337,079
Increase in other provisions	-	45,004
	-	83
Net cash used in operating activities	(3,420,938)	(2,393,134)

Note 30. Reconciliation of loss after income tax to net cash used in operating activities (continued)

Note 31. Earnings per share

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax attributable to the owners of Biome Australia Limited	(4,540,580)	(5,381,116)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	176,495,071	246,785,381
Weighted average number of ordinary shares used in calculating diluted earnings per share	176,495,071	246,785,381
	Cents	Cents
Basic earnings per share	(2.57)	(2.18)
Diluted earnings per share	(2.57)	(2.18)

Note 32. Share-based payments

Set out below are summaries of options granted during the financial year:

30 June 2022

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	24/11/2024	\$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

Set out below are summaries of options granted during the financial year:

30 June 2022

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	24/11/2024	\$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 33. Commitments and Contingencies

a. Capital expenditure commitments

The group has a capital commitment of \$260,000 for leasehold improvements at its new office and warehouse facility at 192-194 Johnston Street, Collingwood, Victoria as at 30 June 2022. There were no contracted commitments at 30 June 2021.

b. Contingent liabilities

The group had no contingent liabilities at 2021 and 2022

Biome Australia Limited
Directors' declaration
30 June 2022


In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Ilario Faenza
Chairman

29 September 2022

BIOME AUSTRALIA LIMITED
ABN: 51 627 364 014**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BIOME AUSTRALIA LIMITED****Report on the audit of the financial report****Opinion**

We have audited the accompanying financial report, being a general purpose financial report of Biome Australia Limited (the Company) and Controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of the Company and Controlled entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Share Options and Equity Transactions (refer to note 22 and 23)

The Company issued shares and options to directors and senior management under a share-based compensation plan. These arrangements have differing terms and conditions that give rise to different accounting outcomes.

Share based payment arrangements require judgemental assumptions including volatility rate and expected life in determining the fair value of the arrangements and the expensing of that fair value over the estimated service period.

In recognising these transactions, the Company performed a valuation to calculate the accounting expense. Details of the share based payment arrangements offered to directors, executive management, third parties and shareholders, are disclosed in the Remuneration Report.

The audit of the share-based payment arrangements and the associated expense is a key audit matter due to the judgements required in determining fair value.

How our audit addressed the key audit matter

To evaluate the share transactions, we performed the following procedures, amongst others:

- In performing our procedures we assessed the terms of the share based payment arrangements issued during the period including review of documentation issued to shareholders.
- We assessed the methodology used by the Company in valuing the share options.
- We assessed the expense recorded on the statement of comprehensive income.
- We assessed whether the disclosure in note 22 and 23 in relation to the arrangements was adequate and whether it complied with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Further description of our responsibilities for the audit of the financial report is located at The Auditing and Assurance Standards Board Website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 58 to 63 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Biome Australia Limited and Controlled entities, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



JTP ASSURANCE
Chartered Accountants



WAYNE TARRANT
Partner

Signed at Melbourne this 29th day of September 2022

1.1. Roles and Responsibilities of Board and Management

The Role of the Board and Delegations

The Board is accountable to shareholders for the activities and performance of Biome Australia Limited (**Biome**) by overseeing the creation of sustainable shareholder value within an appropriate risk framework and having regard for stakeholder interests and community expectations.

The Board is responsible for setting Biome's vision and strategy. Biome's vision is to become the number one trusted probiotic brand in Australia. Biome also works to prevent disease, improve health outcomes and quality of life, and make our products accessible to all. This is a long-term vision and the Board sets strategic priorities each year to work towards fulfilling this vision.

Directors are actively involved in setting, approving and regularly monitoring Biome's strategic priorities and holding management accountable for progress.

This process includes one annual Board strategy offsite, regular Board reporting and meetings, and discussion and review with management. Similarly, the Board ensures that rigorous governance processes operate effectively to guide decision making across the business.

The Board's responsibilities are set out in the Board Charter, which is available at: [Board Charter](#)

The Board's role and responsibilities include:

- establishing, promoting and maintaining the strategic direction of Biome;
- approving business plans, budgets and financial policies;
- considering management recommendations on strategic business matters;
- establishing, promoting and maintaining proper processes and controls to maintain the integrity of accounting and financial records and reporting;
- fairly and responsibly rewarding executives, having regard to the performance of the executives, Biome's risk management framework and culture, the interests of shareholders, market conditions and Biome's overall performance;
- adopting and overseeing of implementation of corporate governance practices;
- overseeing the establishment, promotion and maintenance of effective risk management policies and processes;
- reviewing Board composition and performance;
- appointing, evaluating and remunerating the Chief Executive Officer (CEO) the Chief Financial Officer (CFO) and appointing the Company Secretary; and
- determining the CEO's delegated authority.

The Board has established committees to assist in carrying out its responsibilities and to consider certain issues and functions in detail.

The Board committees are discussed at section 1.3.

Management responsibility

The Board has delegated to the CEO the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of Biome within the policies and delegation limits specified by the Board from time to time. The CEO may delegate authority to management but remains accountable for all authorities delegated to management.

1.2. Directors' Skills Matrix

The Board has determined that its current members have an appropriate collective mix of skills, experience and expertise to:

- exercise independent judgement;
- have a proper understanding of, and competence to deal with, current and emerging issues of the business;
- encourage enhanced Biome performance; and
- effectively review and challenge the performance of management.

Biome Australia Limited
1. Corporate Governance Summary (continued)

The Board's competencies are assessed annually and the results of the most recent (August 2022) assessment are shown in the table below.

Areas of expertise/leadership qualities	Average Self-Assessment Rating*
Risk & Compliance	4.67
Financial & Audit	4.33
Strategy	5
Policy Development	4.33
Technology	4
Executive Management	5
Industry Specific Skills	4.33
Leadership	5
Ethics and Integrity	5
Contribution	5
Negotiation	5
Crisis Management	5
Previous Board Experience	4.33

*Self-assessment rating from 1 to 5, with 1 being the lowest and 5 being the highest

Given the relatively small size of the Board at present the Board skills matrix shows some skill gaps. The Board will consider adding Non-Executive Directors with complementary skills to augment, add perspective and to help improve diversity on the Board.

1.3. Board Committees

To assist it in undertaking its duties, the Board has established the following standing committees:

- Audit & Risk Committee; and
- Nomination & Remuneration Committee.

Each committee has its own charter, copies of which are available at: [Audit & Risk Committee Charter](#) [Nomination & Remuneration Committee Charter](#)

The charters specify the composition, responsibilities, duties, reporting obligations, meeting arrangements, authority and resources available to the committees and the provisions for review of the charter.

Details of Directors' membership of each committee and those eligible members' attendance at meetings throughout the period from 1 July 2021 to 30 June 2022 are set out below.

During the period, **14** meetings of directors were held. Attendances by each director during the period were as follows:

Directors	Directors' Meetings		Audit & Risk		Nomination & Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
<i>Ilario Faenza</i>	14	14	3	3	2	2
<i>Blair Vega Norfolk</i>	14	14	-	-	-	-
<i>Dominique Fisher (appointed 19 August 2021) *</i>	9	8	3	3	2	2
<i>Douglas Loh (resigned 19 October 2021)</i>	10	10	-	-	-	-
<i>Jaroslav Boublik (resigned 19 October 2021)</i>	10	10	3	3	2	2

*Chairperson of the Audit & Risk Committee and Nomination & Remuneration Committee

1.4. Risk Management Framework

Biome's Board is responsible, in conjunction with senior management, for the management of risks associated with the business and implementing structures and policies to adequately monitor and manage these risks.

The Board has established the Audit & Risk Committee (**ARC**) to assist in discharging its risk management responsibilities. In particular, this committee assist the Board in setting the appropriate risk appetite and for ensuring that there is an effective risk management framework that is able to manage, monitor and control the various risks to which the business is exposed.

On a day-to-day basis, the CEO, has the responsibility for monitoring the implementation of the risk framework, including the monitoring, reporting and analysis of the various risks faced by the business, and providing effective challenges to activities and decisions that may materially affect Biome's risk profile.

Biome has a robust risk management framework which supports its operating segments, and its risk appetite distinguishes risks from which Biome will seek to make an economic return from those which it seeks to minimise and which it does not consider will provide a return. The management of these risks is fundamental to Biome's business, customers and to building long-term shareholder value.

In addition to having a separate risk management function, Biome recognises that a requirement for an effective risk management framework is for there to be a strong risk culture throughout the organisation, where risk is everybody's business. The foundation of this risk culture is a set of values, the Biome values. All employees are assessed against the Biome values as part of the annual performance review process, and this outcome contributes to the overall performance rating and remuneration outcomes. In addition to this, Biome regularly assesses its risk culture through external audits to ensure that the management of risk and day-to-day compliance remains entrenched within the way in which Biome operates. The Board is responsible for setting and monitoring the risk appetite for Biome when pursuing its strategic objectives. The Board's approach to, and appetite for risk provides that, subject to earning acceptable economic returns, it can retain exposure to credit risk, liquidity risk and market risk.

- Credit default risk – is the risk of loss in the value of an asset due to a counterparty failing to discharge its contractual obligations when they fall due;
- Liquidity risk – is the potential impact of Biome's short, medium and long-term funding and liquidity management requirements; and
- Market risk - is the risk that changes in the market prices such as foreign exchange rates, interest rates and equity prices will affect Biome's income or value of its holdings of financial instruments.

Biome seeks to minimise or hedge the risks for which it does not consider an appropriate return can be generated.

These risks include:

- Foreign exchange risk – is the risk of a change in asset values as a result of movements in foreign exchange rates;
- Inflation risk – is the risk of a change in asset values and Biome's earnings as a result of movements in inflation both in Australia and jurisdictions in which Biome owns assets;
- Operational risk – is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; and
- Regulatory and compliance risk – is the risk of legal or regulatory sanctions or loss as a result of Biome's failure to comply with laws, regulations or regulatory policy applying to its business.

Biome Australia Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 20 September 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Holding Ranges	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	13	0.00%
1,001 to 5,000	97	0.18%
5,001 to 10,000	122	0.47%
10,001 to 100,000	344	8.18%
100,001 and over	259	91.17%
	<u>835</u>	<u>100.00%</u>
Holding less than a marketable parcel	<u>164</u>	<u>0.34%</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Ocean And Remi Pty Ltd <Cambria Partners A/C>	14,162,499	7.08%
Raymond Demaio Pty Ltd <Raymond Family A/C>	10,927,536	5.47%
Emmanuel Investment Holdings Pty Ltd <Loh Family A/C>	9,602,010	4.80%
Cob Pty Ltd	5,330,000	2.67%
Qintet Pharma Partners Pty Ltd	4,544,203	2.27%
Mr Michael Sven Ola Oredsson	4,254,579	2.13%
Mrs Aini Loh	4,172,496	2.09%
Burrangong Pty Ltd <Sam Family Settlement A/C>	3,797,101	1.90%
See Breeze Consulting Pty Ltd	3,698,116	1.85%
Camanjes Pty Ltd <Camanjes No 2 A/C>	3,675,796	1.84%
Mr Joshua Oliver Stanford-Harris	3,088,406	1.54%
Astro Superannuation Holdings Pty Ltd <Emmanuel Super Fund A/C>	3,047,287	1.52%
Mr Yuk Chung Edward Chiu	2,769,565	1.39%
Carlisle And Co Pty Ltd <Wattle Super Fund A/C>	2,536,232	1.27%
Citicorp Nominees Pty Limited	2,347,587	1.17%
Micjud Pty Ltd <Chester Super Fund A/C>	2,143,478	1.07%
Mr John William Bronger	2,140,579	1.07%
Netwealth Investments Limited <Wrap Services A/C>	2,020,000	1.01%
Chocolate Investments Pty Ltd	1,975,000	0.99%
Mr Ulf Wiinberg	1,949,275	0.98%
	<u>88,181,745</u>	<u>44.11</u>

Biome Australia Limited
Shareholder information
30 June 2022

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	6,187,145	17
1) <i>CG Nominees (Australia) Pty Ltd:</i> <i>Holder of 4,262,808 unlisted options or 68.9% of total issued</i>		
Restricted fully paid ordinary shares	39,359,545	11
1) <i>Ocean And Remi Pty Ltd <Cambria Partners A/C></i> <i>Holder of 14,162,499 restricted fully paid ordinary shares or 36.0% of total issued</i>		
2) <i>Emmanuel Investment Holdings Pty Ltd <Loh Family A/C></i> <i>Holder of 9,602,010 restricted fully paid ordinary shares or 24.4% of total issued</i>		

Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares % of total shares issued
Blair Vega Norfolk	14,339,816	7.17
Douglas Loh	12,655,297	6.33
Guiseeppe Demaio	10,927,536	5.47

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Fully paid ordinary shares	30 November 2023	39,359,545
Unlisted options	30 November 2023	4,262,808
		<u>43,622,353</u>

Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with ASX Listing Rule 4.10.9, the consolidated entity states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objectives are maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the Company. Consistent with the use of funds which were disclosed in the Company's Prospectus dated 19 October 2021, the consolidated entity believes it has used its cash in a consistent manner for the following purposes:

- Inventory;
- Sales & Marketing;
- New Product Development;
- Administrative and working capital; and
- Costs of the offer.

Corporate directory

ASX Code BIO

Directors & Officers

Blair Vega Norfolk – *Managing Director*
Ilario Faenza – *Non-executive Director*
Dominique Fisher – *Non-executive Director*
Douglas Loh – *Chief Financial Officer*

Registered Office

Biome Australia Limited
192-194 Johnston Street,
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Telephone: + 61 3 9017 5800
Email: activatedcorporate@activated.co
Website: www.biomeaustralia.com

Company Secretary

George Lazarou

Share Registry

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Sydney NSW 2000

Lawyers

Marque Lawyers Pty Ltd
Level 4, 343 Geroge Street
Sydney NSW 2000

Intellectual Property (IP) Lawyers

macpherson kelley
Level 7, 600 Bourke Street
Melbourne VIC 3000

Regulatory Advisor

Anthea Steans Consulting
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Sanctuary Cove QLD 4212

Auditor

JTP Assurance
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External Accountant and Tax Advisor

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