



# The Microbiome Health Company

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## 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.

### Acknowledgement 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.

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**2018**

**JULY**  
**Biome Australia Founded**  
 6 employees

**2019**

**JANUARY**  
**Activated Nutrients® Launch**  
 Biome launches its certified organic range of nutraceuticals



**MARCH**  
**Symbion Distribution Deal**  
 Biome gains distribution with pharmaceutical wholesaler Symbion

**MARCH**  
**Listing of 10 Medicines**  
 On the Australian Register of Therapeutic Goods

**SEPTEMBER**  
**Rener & Ariya Health Distribution Deal**  
 Activated Probiotics® increases distribution in the Australian practitioner market with Rener Health Products and Ariya Health



**JULY**  
**Strategic Distribution Partnership**  
 Biome signs strategic distribution partnership with TerryWhite Chemmart including exclusive national promotional program

**JUNE**  
**\$2.32M FY21 Sales Revenue**



**MARCH**  
**Biome Lift™ Clinical Trial**  
 In partnership with La Trobe University and Probiotal S.p.A.



**NOVEMBER**  
**B Corporation Certification**

**NOVEMBER**  
**Biome Completes Initial Public Offering**

**2022**

**JUNE**  
**3000 Distribution Points**

**JUNE**  
**\$4.12m FY22 Sales Revenue**



**JULY**  
**Activated Probiotics® Product Range Extensions**  
 At Priceline Pharmacy & TerryWhite Chemmart

**JULY**  
**\$7.23m FY23 Sales**



**JUNE**  
**Total of 17 Listed Medicines on the ARTG**



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20  
20



**JUNE**  
**API Distribution Deal**

Biome gains distribution with pharmaceutical wholesaler API  
**\$387k FY19 sales revenue**

**NOVEMBER**  
**Activated Probiotics® Launch**

Biome launches its condition-specific probiotic range

**JUNE**  
**TerryWhite Chemmart Distribution Deal**

Activated Probiotics® launches nationally with TerryWhite Chemmart  
**\$833k FY20 sales revenue**

**NOVEMBER**  
**UK Practitioner Market Launch**

Activated Probiotics® launches into the UK Practitioner market



20  
21



**MARCH**  
**2000 Distribution Points**

**FEBRUARY**  
**Biome Daily Kids™ Clinical Trial**

Biome Daily Kids™ clinical trial commences in partnership with Federation University

**FEBRUARY**  
**Practitioner Market Launch**

Activated Probiotics® launches into the Australian practitioner market with Osborne Health Supplies and vital.ly

**JANUARY**  
**Biome Osteo™ Clinical Trial**

Probone21 clinical trial using Biome Osteo™ commences in partnership with La Trobe University and Probi AB



**JUNE**  
**Priceline Pharmacy Distribution Deal**

Biome signs distribution deal with Priceline Pharmacy

**JUNE**  
**30 Employees**

**JUNE**  
**Total of 14 Listed Medicines on the ARTG**

**SEPTEMBER**  
**Priceline Pharmacy Activated Probiotics® Product Launch**

20  
23



**JUNE**  
**Biome Lift™ Clinical Trial Final Results**

**MAY**  
**Biome Recruits Health Retail Sales Manager for the UK**

For future pharmacy and health food launch

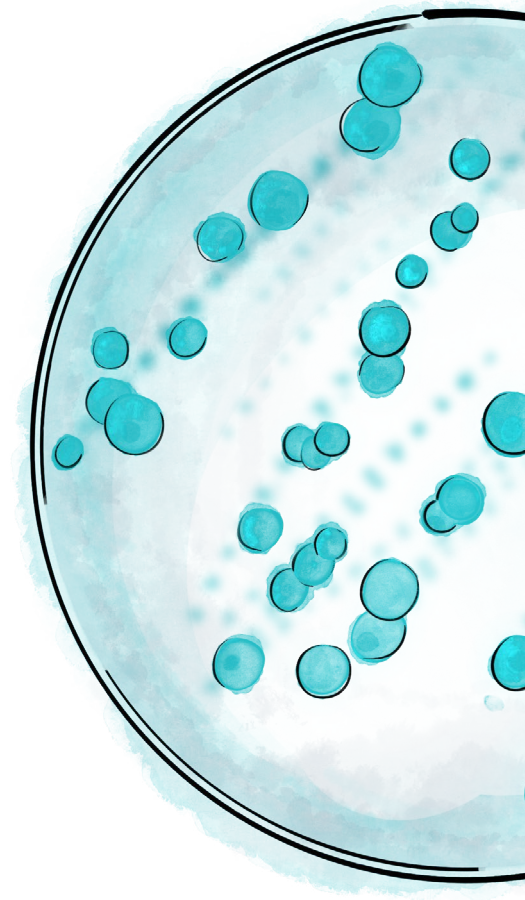
**MARCH**  
**Biome Lift™ Clinical Trial Preliminary Results**

On patients with sub threshold depression

**OCTOBER**  
**Inaugural AP Symposium 'Women In The New World'**

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“The gut microbiome can impact many aspects of human health, and how the health benefits of probiotics can go far beyond the digestive system.”



# Probiotics 101

Probiotics are living microorganisms that have been found to be beneficial to health when taken as a supplement.

In the gut, probiotics that we take and the microorganisms that live there are alive with activity and interact with all kinds of cells in the digestive tract—including cells that are part of our immune system, hormone-secreting cells, nerve cells and more. They also turn our food into energy and produce bioactive compounds called metabolites in the process. We can absorb these metabolites just like nutrients, which then travel through circulation to other parts of the body.

These actions are how the gut microbiome can impact many aspects of human health, and how the health benefits of probiotics can go far beyond the digestive system.

It is well-established that probiotics can improve digestion and the health of our gastrointestinal tract, but the links between the digestive tract and the rest of the body allow probiotics to impact the health of our whole body.

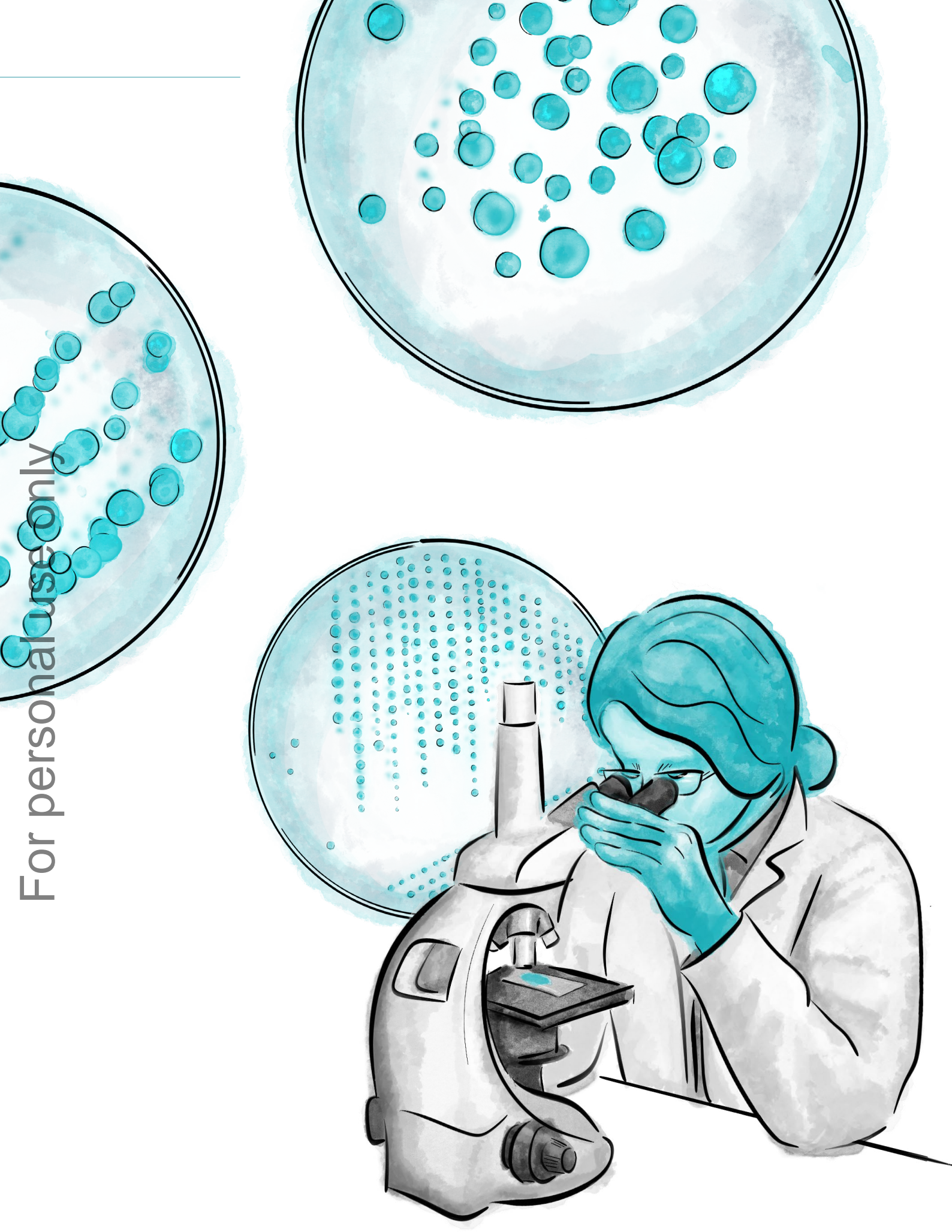
## Targeted probiotic actions

Not all probiotic microorganisms offer the same health benefits.

This is because different probiotic strains, even within the same species, perform very different biological functions in the human gastrointestinal tract and, as a result, offer vastly different health benefits.

This is the key to targeting specific health concerns with probiotic supplements, and why it's so important to know exactly which strains are present in a probiotic product.

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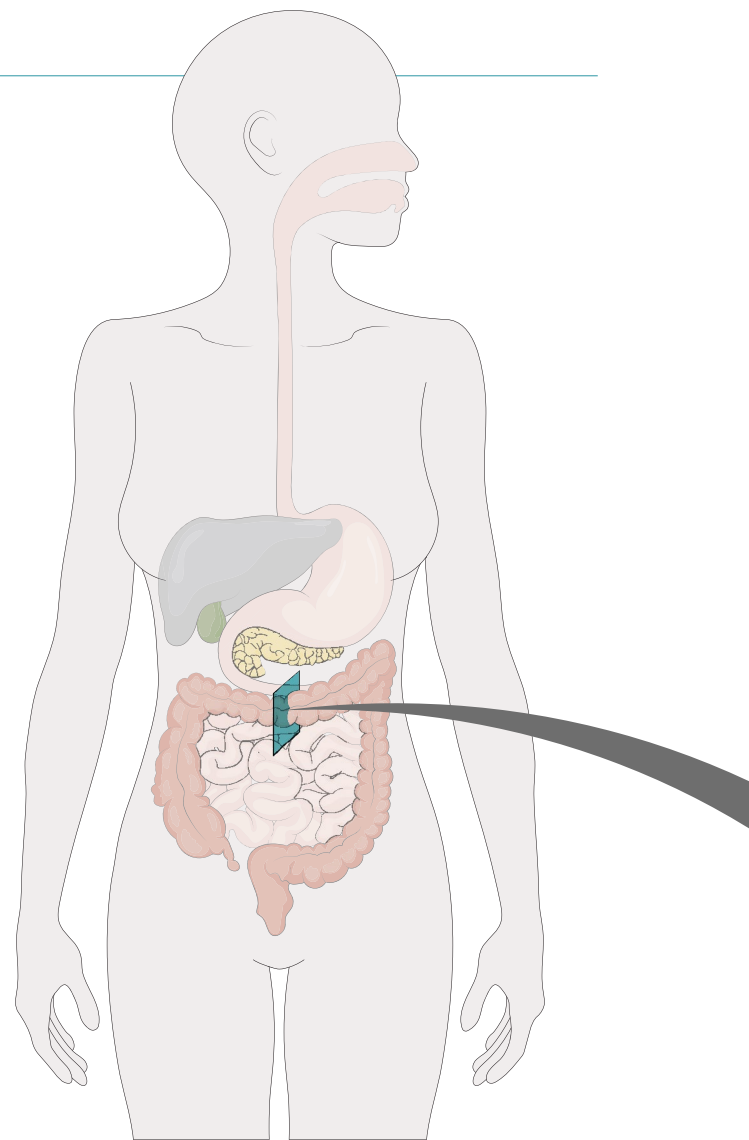
# The gut microbiome

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

Scientific research has helped to reveal an additional organ system that has been invisible to the naked eye for much of human history: the gut microbiome. Just like we need lungs to breathe and a heart to pump blood around our bodies, we now know that the community of microorganisms living in our gut operates like a vital organ and is just as crucial for our health.

When the gut microbiome is healthy, the whole body benefits. However, just like any other organ, the gut microbiome can become disrupted and negatively impact our health. This is referred to as 'gut dysbiosis' and it has now been associated with many chronic diseases, including irritable bowel syndrome, depression, asthma, acne, osteoporosis and countless others.

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.

The rise in gut dysbiosis (and its negative health effects) is thought to be due to several factors. Changing diets with lower intakes of fibre and unrefined plant foods, stressful lifestyles, low activity levels and increased use of antibiotics —these factors reduce the population and change the types of microorganisms found in the gut, creating gut dysbiosis.

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

1. Anwar, H., Irfan, S., Hussain, G., Naeem Faisal, M., Muzaffar, H., Mustafa, I., Mukhtar, I., Malik, S., & Irfan Ullah, M. (2020). Gut Microbiome: A New Organ System in Body. In Parasitology and Microbiology Research (pp. 1–20). IntechOpen

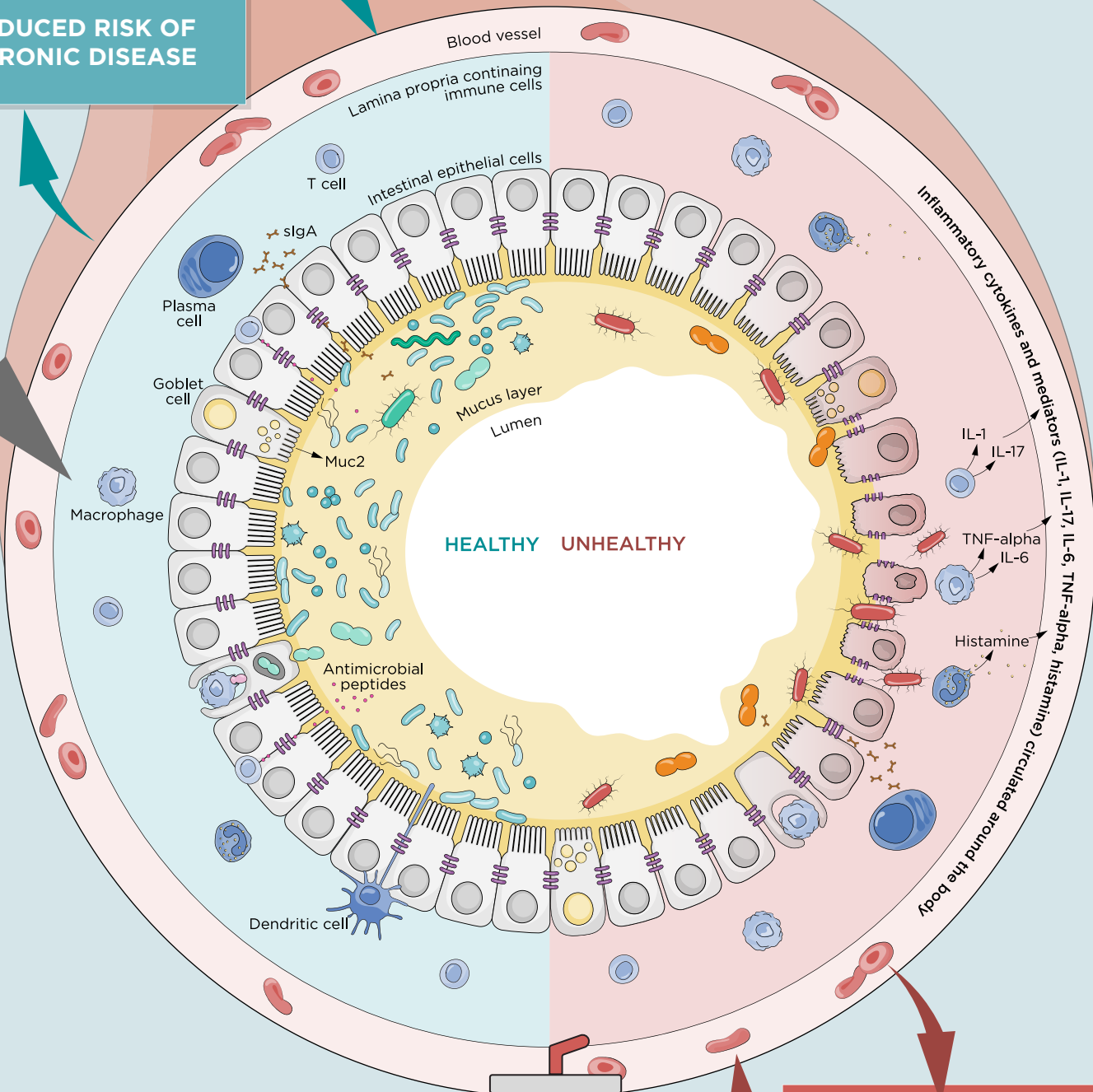


**DIETARY FIBRES  
TARGETED  
PROBIOTICS**

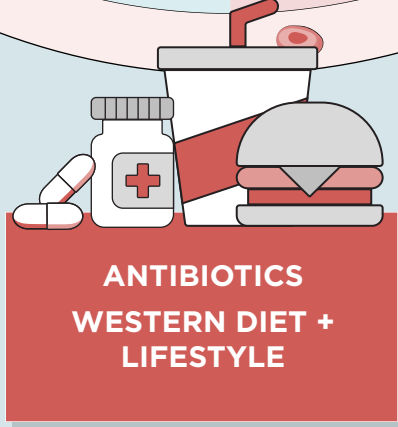
Large intestine

**REDUCED RISK OF  
CHRONIC DISEASE**

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**HEALTHY UNHEALTHY**



**ANTIBIOTICS  
WESTERN DIET +  
LIFESTYLE**

**INCREASED RISK OF  
CHRONIC DISEASE:**  
Asthma and allergies  
Inflammatory bowel  
disease (IBD)  
Diabetes  
Obesity  
Depression and anxiety



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# 17

Activated Probiotics® currently has 17 products in its portfolio across three brands which continue to grow as new products are developed.

### Clinically trialed

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.

### Practitioner-only

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

# 20,000+



health professionals educated throughout FY23 by Biome's education team.

# Three

ongoing clinical trials

### 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.

- Biome Lift™ and subthreshold depression
- Biome Osteo™ and osteopenia
- Biome Daily Kids™ and children's immune health

## 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.

# Nine

proprietary products

The product portfolio includes 9 proprietary Activated Probiotics® products (live biotherapeutic probiotics and nutraceutical products) to which Biome owns the formulation.

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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 have clinical evidence 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.

Each Biome product has been carefully formulated with specific clinically-trialled probiotic strains at doses known to target a particular health concern, creating a range of condition-specific probiotics products.

Biome has products that target immune health, irritable bowel syndrome, infant colic, bone density, eczema, acne, muscle inflammation, mood and sleep, vaginal health, and more.



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# Chair letter to shareholders

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Dear fellow shareholders,

It gives me great pleasure to present Biome Australia's FY23 Annual Report.

FY23 is another impressive year of results for the Biome team as they continue to execute on our strategy. Biome products are available through multiple distribution points around Australia via community pharmacy, independent health practitioners and through health professionals in the United Kingdom. Locally, Biome's national pharmacy distribution has been strengthened through our key partnerships with TerryWhite Chemmart and Priceline Pharmacy.

**Our team has delivered another year of strong growth, reaching sales of \$7.23m, up 75% on FY22. The substantial growth in FY23 has enabled Biome to begin FY24 with a forecasted Q1 revenue of \$2.5M.**

I am once again very pleased with the financial performance of Biome, delivering substantial revenue growth, reduced operating losses and gross margin maintained.

Our UK business has developed sustainable revenue in FY23, with minimal resources, helping develop a fantastic platform to execute their FY24 growth strategy. We have recently recruited additional sales staff to drive the UK and EU markets which will include health retail channel launches in FY24.

When I joined Biome in 2020, the company's total revenue was at a similar level to that of our UK business, which will have the advantage of our proven education driven sales model to support growth in the territory over the coming years. The UK market presents a different set of challenges to our local Australian market, however the sheer size of the opportunity, and well established health retail and practitioner markets offer an exciting proposition for Biome. Having spent the past years cautiously testing the market, we believe now is the time to apply additional resources and focus to drive the UK and EU market to their potential.

I appreciate shareholders are eager to know when we expect to become cash flow positive, while we have detailed internal modeling, we want to be absolutely certain before we forecast that to market. Reaching profitability is a key focus on the Biome Australia Board to support the long term sustainability of the company.

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



**Ilario Faenza** MAICD

Independent Non-executive Chairman

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# CEO letter to shareholders

It is my pleasure to share this CEO letter: our second since listing on the ASX.

Biome is one of the first global movers in the targeted probiotic or live biotherapeutic space. As Founder and Managing Director, I have had the pleasure of both leading and watching the company's growth through initial conception, the 2019 launch of novel live biotherapeutics range Activated Probiotics® and listing on the ASX in 2021. During that time, and to a certain degree at present, the company has navigated the COVID-19 environment while delivering on a number of critical operational milestones.

As a company led by our research and development efforts into new and innovative areas within the global probiotic marketplace, we are proud to have brought several novel clinically proven probiotic concepts through to commercialisation, market acceptance and growth. In partnership with both community pharmacy and leading independent health practitioners, Biome and our brand Activated Probiotics® has cemented itself as one of the

most trusted complementary medicine brands in Australia within a relatively short period of time. Staying true to our values of honesty, integrity, accessibility and trust, we work closely with health professionals to support improved patient health outcomes and produce new solutions for those who have exhausted other existing therapies.

Throughout the 2023 financial year, Biome successfully grew its top-line revenue by 75%, successfully launched further national health retail distribution with Wesfarmers owned Priceline Pharmacy and completed a world first clinical trial on patients with subthreshold depression with our product Biome Lift™ Probiotic. Through a year where a significant portion of the complementary medicine market was challenged with major out of stock issues, Biome was able to navigate these global supply risks, keeping lines in stock and rapidly securing market share in the high value community pharmacy and practitioner distribution channels.

In October 2022, Biome hosted its inaugural education symposium, Women in the New World, which brought together a number of key opinion leaders on the topics and the celebration of women's health, business, sport and research. The ticketed event provided a wonderful platform for Biome to share its industry leading knowledge on both probiotics and women's health to an audience of 200 of our highest value industry partners and customers over three days in Hobart, Tasmania.

Throughout the year, Biome's education team also ran a national Probiotics Masterclass tour, a series of professional seminars to our practitioner customers. The Masterclass and Symposium we believe have positioned Biome, within the eyes of health professions, as a key trusted thought leader in the probiotic and live-biotherapeutic space.



Further to our strong top line sales results, we also achieved strong growth in our underlying community pharmacy business, with a 27% increase in same-store-sales between quarter three and quarter four FY23 and for the full financial year Biome maintained a gross margin of 59%, an increase on FY22.

As Biome continues to grow, it has been a key focus of management to ensure our culture and values remain in place to support staff retention and recruitment of industry leading talent. I am proud to share that we have added six new positions and team members throughout FY23, all with new skills and relationships to support our growth in FY24 and beyond. One of these recruits will be leading our international sales efforts. Tej, our recently recruited UK health retail sales manager will be leading our launch into both health food and community pharmacy, our first push into international retail distribution. This decision was based on a two-year test market in the UK and the early market development of a \$500k annual revenue business unit that is supported by a well-established base of customers and professional relationships. Biome believes the completed test market period will significantly de-risk our health retail market launch. Tej brings with him 20 years of probiotic sales experience in health retail and has led efforts of one of the largest UK based probiotic brands from its early days to a £20m annual turnover business in the UK.

To support the UK team, Biome will be working to secure new health food and pharmacy distributors in FY24, to add to our portfolio of existing practitioner distributions in the market.

In our local Australian market, Biome's Activated Probiotics® has now secured more than 4000 distribution points between health retail and independent health practitioners. To support this growth in distribution, Biome has increased its stock holding to circa \$3m, at cost, at the close of FY23 and secured access to a debt facility to support our rolling inventory needs as we continue to grow.

Biome continues its research and development efforts and at the conclusion of FY23, we have two ongoing clinical research projects on our existing products already in the market. A PHD candidate at Federation University is studying Biome Daily Kids™ in a randomised clinical trial, examining upper respiratory tract infections in children within a day care setting. La Trobe University is conducting a follow up study on our Biome Osteo™ Probiotic after the initial successful trial completed on the product in Sweden. Both studies represent exciting opportunities for Biome and its products to support new patient groups, while increasing the body of evidence behind our products. Ongoing research efforts are not costing the

business materially as they are co-funded or completely funded by Biome's research and development partners.

As our Activated Probiotics® brand continues to grow and we work to achieve our goal of being the number one trusted probiotic brand by health professionals, we turn our attention to consumer education and knowledge of our brand. In March 2023, we launched our first public health campaign. Led by a television commercial aired on streaming platforms and social media, Biome shared its Probiotics 101 educational message and introduced the concept of condition and strain specific probiotics to the consumer market. These efforts will be ongoing in FY24 and the goal is to support our distribution channels with additional foot traffic in their retail stores and health clinics with patients asking for our products.

As we commence the rollout of our FY24 strategy, I am pleased to share that for the month of July 2023 we achieved a new sales revenue record with sales exceeding \$900k for the month. This result further cemented Biome's ongoing growth after posting a record quarter in Q4 FY23 with our first \$2m quarter.

I thank you all for your continued support working toward achieving our mission—to prevent disease, improve health outcomes and quality of life, and make our products accessible to all.

I look forward to sharing further operational updates with shareholders throughout financial year 2024.



**Blair Vega Norfolk** MAICD

Managing Director

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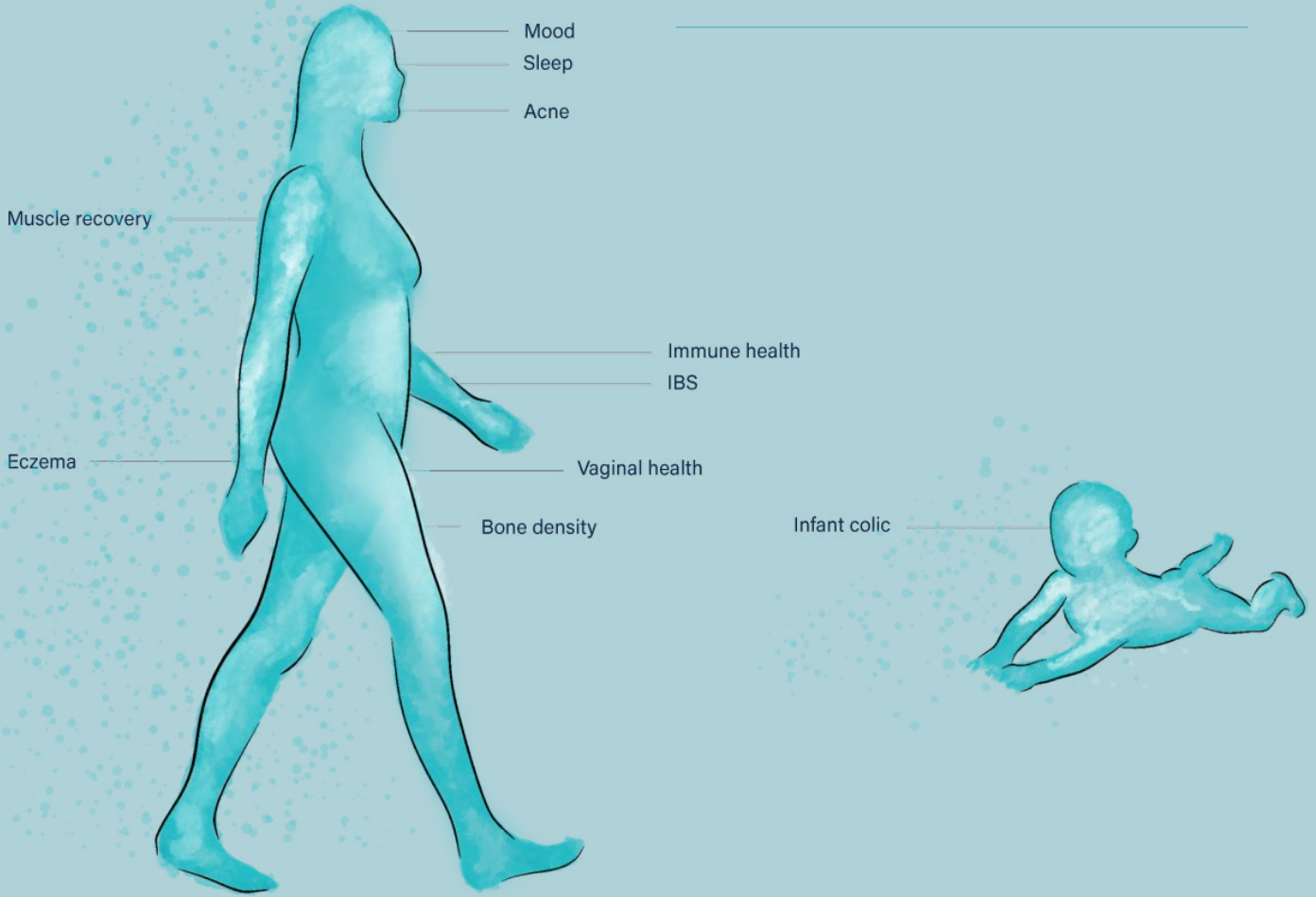
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# Operations Report

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

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# Targeted products for targeted outcomes

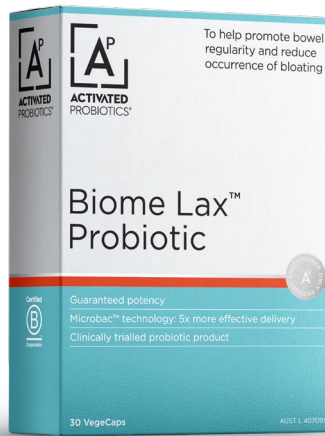
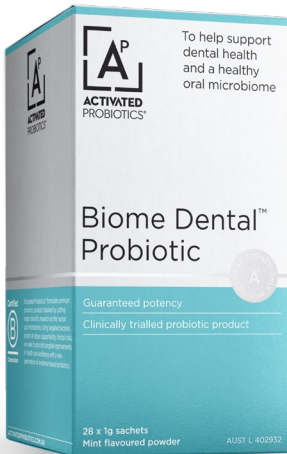
Biome aims to be a global leader in premium evidence-based live biotherapeutic products.

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

In FY23, Biome Australia prepared two new live biotherapeutic products to launch into the Activated Probiotics® range. These products have clinical evidence to support their effectiveness for patients struggling with constipation, in Biome Lax™ Probiotic, and dental health concerns with Biome Dental™ Probiotic. Biome also prepared a relaunch of its AXP® Recovery Probiotic into the Activated Probiotics® flagship brand. These new product launches will allow Biome to support new patient health categories and new types of health professionals and their patients.

# Innovating with new targeted products in FY24

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## Biome Dental™ Probiotic

To help support dental health and a healthy oral microbiome.

Benefits supported by ten published clinical trials on oral health, including dental plaque and gum health.

In one of the most recent trials, the effect of Biome Dental™ was compared to placebo and chlorhexidine mouthwash in 60 healthy children. After 14 days of intake, the average dental plaque score and gingival index (a measure of poor gum health) were 71% and 73% lower in the Biome Dental™ group compared to placebo ( $p < 0.05$ ). Biome Dental™ was also found to be more effective than chlorhexidine, a commonly-prescribed antimicrobial mouthwash.<sup>1</sup>

1. Sharma, P., Datta, G., Gandhi, K., & Kumar, D. (2019). A comparative evaluation of efficacy of probiotic and chlorhexidine mouth rinses on gingival health and plaque accumulation in 6-9 year old children. *International Journal of Applied Dental Sciences*, 5(1), 156-162.

## Biome Lax™ Probiotic

To help promote bowel regularity and reduce occurrence of bloating.

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

In this study, administration of Biome Lax™ for 30 days was found to improve bowel regularity by 37%, reduce the level of discomfort associated with bowel movements by 67%, and improve bloating by 52%, which were statistically significant when compared to placebo ( $p < 0.001$ ).<sup>2</sup>

2. del Piano, M., Carmagnola, S., Anderloni, A., Andorno, S., Ballarà, M., Balzarini, M., Montino, F., Orsello, M., Pagliarulo, M., Sartori, M., Tari, R., Sforza, F., & Capurso, L. (2010). The use of probiotics in healthy volunteers with evacuation disorders and hard stools: A double-blind, randomised, placebo-controlled study. *Journal of Clinical Gastroenterology*, 44, 30-34.

## Biome Recovery™ Probiotic

To help improve muscle recovery time and reduce mild muscle inflammation.

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

This study found that after 21 days of supplementation, the probiotic formulation in Biome Recovery™ Probiotic helped to reduce mild muscle inflammation, improve muscle recovery time, and support physical performance in back-to-back exercises.<sup>3</sup>

3. Jäger, R., Purpura, M., Stone, J. D., Turner, S. M., Anzalone, A. J., Eimerbrink, M. J., Pane, M., Amoroso, A., Rowlands, D. S., & Oliver, J. M. (2016). Probiotic *Streptococcus thermophilus* FP4 and *Bifidobacterium breve* BR03 supplementation attenuates performance and range-of-motion decrements following muscle damaging exercise. *Nutrients*, 8(10), 1-11.



# Driven by clinical evidence

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The Biome range includes complete product formulations and specific probiotic strains which are backed by a high level of clinical evidence, including many randomised double-blind placebo-controlled clinical trials. As part of ongoing efforts to strengthen the existing body of evidence, collaboration with key world-leading research partners, including LaTrobe University, Federation University, Probiotal S.p.A. and Probi AB, has continued throughout FY23.

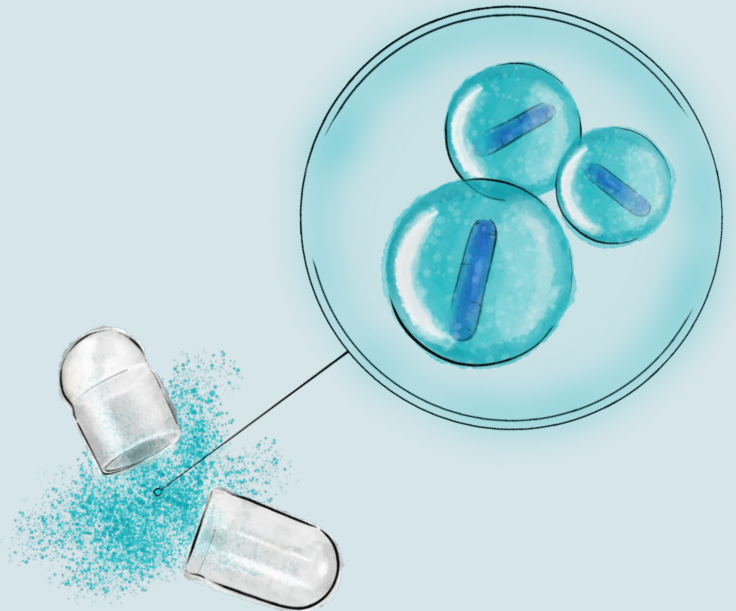
Over the past financial year, three Biome probiotic formulations have been the subject of ongoing clinical trials that aim to build upon their existing evidence of efficacy. These trials will help to extend their current body of evidence, while also investigating their efficacy in new applications.

These research projects are currently investigating the application of Biome Lift™ Probiotic for

subthreshold depression, Biome Daily Kids™ Probiotic for absenteeism and immune health in children in day care, and the probiotic strains within Biome Osteo™ Probiotic for women with osteopenia.

This past year has been highly significant for the development of Biome Lift™ Probiotic, with the completion of the Biome Lift™ Trial and receipt of positive pre-publication results. These results have reinforced the positive findings of the two previous studies on this formulation, and provide additional evidence for the effectiveness of Biome Lift™ Probiotic in reducing the severity of depressive symptoms in patients with subthreshold depression. Improvements observed in inflammatory, metabolic and stress-related biomarkers (including serum hs-CRP, glutathione, fasting glucose, and salivary cortisol) are of particular note and provide important insights into the mechanisms underlying the actions of Biome Lift™ on mood and sleep-related outcomes.

# 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.

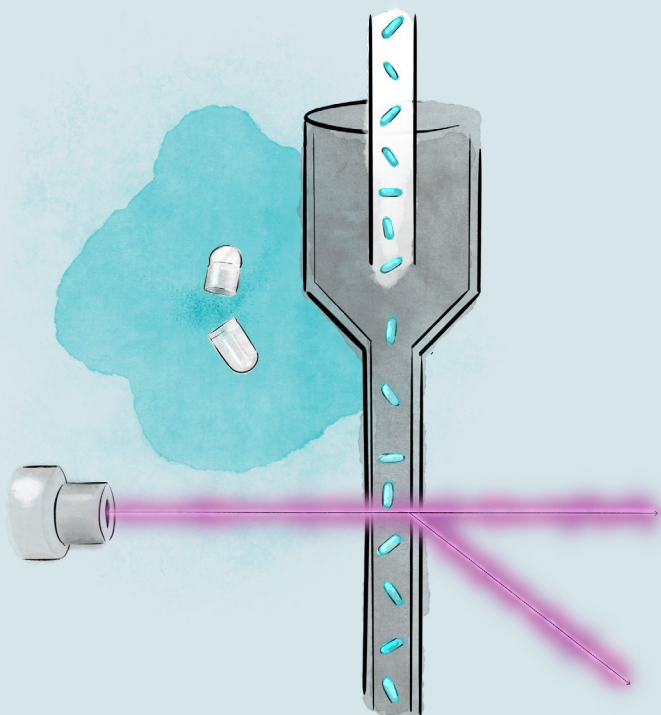
## Fast-melt formulations for children

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

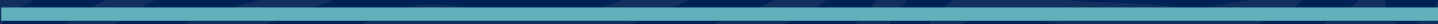
Activated Probiotics® uses the latest flow cytometry technology to more accurately count the number of living and metabolically active bacteria found in its products, when compared to traditional plate count measures or colony forming units (CFUs).

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).



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# Culture & Values

A business can be a force for good.

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ACTIVATED  
PROBIOTICS®

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APP  
BLAIR  
VEGA NORFOLK  
ACTIVATED PROBIOTICS  
JOE  
TRADES

**Practitioner Portal**  
Essential product training and educational resources

**Practitioner Portal**  
Essential product training and educational resources

**Practitioner Portal**  
Essential product training and educational resources



# B Corp

Biome Australia is proud to be a Certified B Corporation® since 2021.

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



Corporation

**This company meets the highest standards of social and environmental impact**

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# People and recruitment

In line with B-Corp values, Biome Australia is proud to be an equal opportunities employer. Team member satisfaction is of the utmost importance at Biome, with support and flexibility forming the cornerstones of the workplace culture. The Biome team has experienced exciting growth this year, with a number of new hires bringing more experience, knowledge and energy to the team. As the team grows and diversifies, Biome continues to put its people first, ensuring that staff remain content and fulfilled in their roles.



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# Sales & Education

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

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# Education and training

What a huge year it's been for education by Biome Australia! Sharing knowledge is integral to the Education team's mission, which is to be recognised by healthcare professionals as the best informed and most trustworthy source of information on probiotics and the microbiome. Biome's team of Practitioner Education Consultants (PEC) provide education and training of an exceptional standard, sharing knowledge with pharmacists, naturopaths, doctors, chiropractors, and other healthcare practitioners.

FY23 was a busy year of conferences, presentations, webinars, and possibly Biome's most ambitious educational event to date, the inaugural Activated Probiotics® symposium. Titled Women in the New World, the symposium took place over three packed days in Hobart and featured twelve highly regarded speakers from Australia and beyond. The feedback was overwhelmingly positive:

*"Absolutely wonderful! I would highly recommend it to any practitioner. Never before have I felt so engaged and interested in each speaker and topic. Never before have I attended a conference where I took something away from each and every presentation. This was not just 'Women In The New World' this was a new way of doing education and conferences—it's set a new standard for sure. I only hope it becomes a yearly event because I can't wait for the next one! Congratulations to everyone at Activated Probiotics®."*

Carrun Squires, Naturopath

Biome's education team gave presentations at the Women in the New World symposium, highlighting some of the clinical trials underway on Activated Probiotics® products. The team also presented at several other conferences for healthcare practitioners over the course of the year, including the Rener Expo attended by 500 healthcare practitioners.

The Activated Probiotics® Female Microbiome Masterclass series provided another opportunity for the Biome team to interact with practitioners all around Australia.



Rebecca Edwards  
Director of Education

Throughout May and June 2023, the education team presented a sold out series of masterclasses to healthcare practitioners across Australia's five major cities.

A crucial aspect of support provided by the education team to the practitioner channel is ongoing training with Biome's distribution partners. This serves to both maintain the strong relationships between the Biome team and the distributors, and also make sure distributor staff members are aware of Biome's unique products and their features when servicing their accounts.

As the busy healthcare practitioner industry is returning to its usual level of activity post Covid restrictions, there has been an increased demand for face-to-face education and events. One such event attended by the Biome team was the Naturopaths and Herbalists of Australia Association (NHAA)'s symposium. Members of the Biome education and PEC teams were on hand to interact with practitioner attendees, resulting in the introduction of Activated Probiotics® to some key opinion leaders in the practitioner space.

Other ways in which the education team provides ongoing engagement and support in the practitioner channel include:

- Rebecca appearing as a guest expert on a number of podcasts which are widely listened to throughout the practitioner community
- Holding special education webinars for cohesive groups of practitioners; an example is Metabolic Balance Australia, a group of nutritionists and dietitians
- Delivering regular training sessions to the practitioners on the staff of Mr Vitamins

Biome continues to enjoy success in the important pharmacy channel in Australia. The PEC team is crucial to this success, continuously providing the high quality education and training in-store for which they are famous. The education team supports the PEC's access to pharmacists and their staff through targeted presentations at key pharmacy events throughout the year, as well as providing special education events for important pharmacy banner partners. The crowning event for this busy year of pharmacy education was undoubtedly the dinner hosted by the Biome team at the Australian Pharmacy Professionals (APP) expo in March. The dinner was attended by many of the key figures of the Australian pharmacy industry, and provided an unparalleled opportunity for Biome to present new research to the pharmacy community. Presenting on the findings of La Trobe University's recent clinical trial on Activated Probiotics® Biome Lift™ was lead researcher Professor George Moschonis. This was an incredibly special evening and highlighted Biome's commitment to supporting cutting edge research and providing education on the very latest microbiome science.

A channel of growing interest and importance to Biome is the community of integrative medical practitioners. The peak educational event for this group is the annual NIIM (National Institute of Integrative Medicine) symposium. The education team gave a keynote presentation to all delegates on the gut-immune axis and the research behind Biome Breathe™.

A key part of Biome's education strategy is to prioritise engagement with students and recent graduates across the fields of pharmacy, naturopathy, dietetics and nutritional medicine. Over FY23 this was achieved across multiple events. Nationally, members of the PEC and education team attended career networking breakfasts held by Endeavour College of Natural Health, one of the largest educational institutions in the field of natural medicine. Students of pharmacy have also been catered for: members of the PEC team attended the annual National Association of Pharmacy Students (NAPSA) congress in January. Their education on strain specific probiotics made such an impact on NAPSA members that the education team was subsequently invited to address individual chapters of NAPSA nationally. These events have been a huge success, with NAPSA members expressing that they feel excited to use and recommend Activated Probiotics® products. Some feedback from NAPSA President Erin:

*"I, like most people, had no idea how effective probiotics actually are... I cannot even articulate how much my perception of probiotics has changed through this education"*



Chiropractors represent a promising new audience of healthcare practitioners for Biome education. Members of the PEC team attended the annual Australian Chiropractic Association (ACA) conference and enjoyed interacting with delegates.

The education team is set to keep up the momentum throughout FY24. The release of Biome Dental™, Biome Lax™, and Biome Recovery™ will provide many opportunities for connection, and allow the team to reach out to a new practitioner community for targeted education: dental health professionals.

In the words of a practitioner at a recent conference:

*No one talks about probiotics like the Activated Probiotics® team!*

# \$7.23m

FY23 Sales—up 75% (vs pcp)

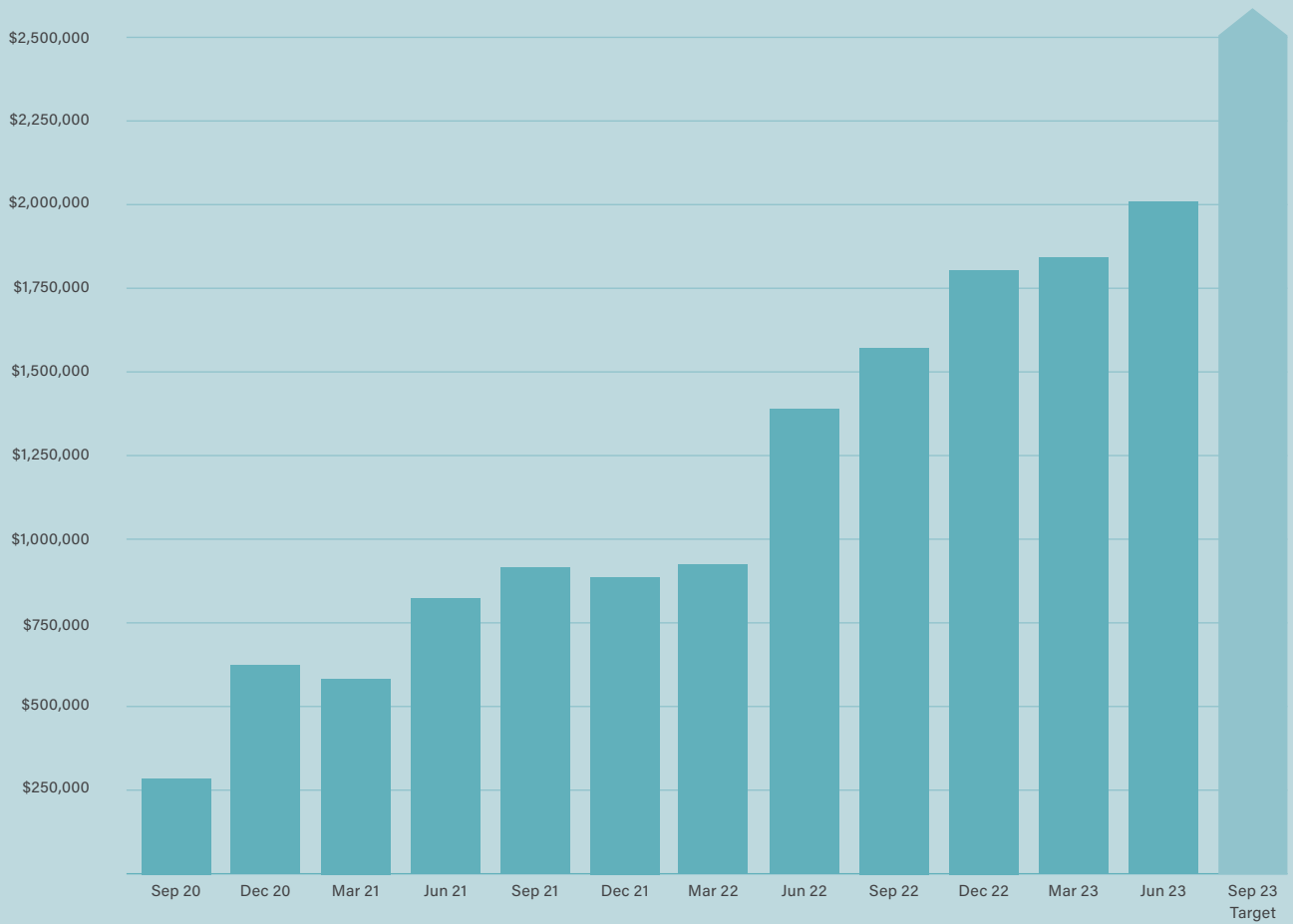


# \$3m

Inventory balance  
(cost) at June 30 2023



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Quarterly Sales



## 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 12 sales and education consultants. These territory managers are qualified health professionals who execute the Biome sales strategy across all distribution channels and have continued to work strategically to help develop trust and offer the highest level of support with the goal of growing existing accounts and their underlying Activated Probiotics® business.

With continued service and support, the team gains trust and develops long lasting relationships which continues to drive new business.

FY23 saw Biome exceed the goal of \$7M in sales with a sales revenue of ~\$7.23M, up by 75% vs FY22. Having achieved over \$2M revenue in Q4 FY23, Biome has targeted \$2.5M for Q1 FY24, demonstrating our continued strong growth.

Over the past 12 months Biome has increased its account portfolio, ranging in different modalities from independent pharmacies, naturopaths, integrated GPs, chiropractors, dietitians and osteopaths, just to name a few.

The four practitioner distributors have had incredible growth over the past 12 months, with all of them doubling their sales in FY23.

Biome's pharmacy distributors have facilitated Activated Probiotics® becoming the fastest growing complementary medicine brand within Australian community pharmacy.

FY23 success was due to many key factors, such as,

- Introducing Activated Probiotics® core ranging into Priceline dispensaries nationwide
- Conducting bone health care clinics with TerryWhite Chemmart nationwide
- The first Biome symposium bringing together practitioners from all modalities
- Key presentations at several pharmacy and practitioner conferences nationally highlighting the research and quality of products
- An advertising campaign which launched a TV commercial and billboards around Australia highlighting the importance of strain specificity
- Extended distribution into Ireland supported by the recruitment of our first Irish practitioner education and sales consultant
- The launch of Activated Probiotics® into a second distributor in New Zealand to help support and grow the practitioner market

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## Key customers and distribution channels

Biome's Activated Probiotics® operates as a practitioner-only brand and therefore selects its distribution channels and partners very carefully. Activated Probiotics® targets leading community pharmacy groups that offer a full service health offering and professional advice.

Community pharmacy is serviced by Biome's two community pharmacy distributors, API Wesfarmers Health and Symbion EBOS Group.

Biome also delivers its products to medical and complementary medicine practitioners via practitioner distributors: Osborne Health, vital.ly, Rener Health Products and Ariya Health Services.

Biome's goal is to form strategic partnerships wherever possible and ensure longevity by maintaining levels of service and support that exceed industry standard and partner expectations.

In FY23, Biome launched several initiatives with its key customers such as the Activated Probiotics® bone screen clinic with TerryWhite Chemmart. Biome also pioneered adjunct prescribing in partnership with several community pharmacy groups; this strategy has demonstrated early success and results warrant expansion of the initiative in FY24.

Additionally, as part of the end-of-year FY23 meetings with distribution partners, Biome received strong support from its customers on new ranging decisions for its new product launches. Biome successfully gained significant additional shelf space with its top three pharmacy customers and practitioner distributors with the remainder to follow in early FY24.

A highlight for the financial year is the early success and growth with Priceline Pharmacy. Following the national launch of Activated Probiotics® into Priceline stores in October 2022, Biome delivered category leading growth across Priceline stores each month through the end of FY23.

Biome's Practitioner market was another notable success for the year, with Activated Probiotics® sales experiencing strong, sustained growth throughout FY24 closing the year with 90% growth, taking total practitioner sales to 35% of total sales revenue.



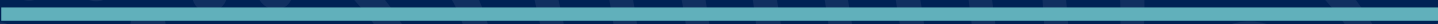
#1 growth brand in professional vitamin category at both TerryWhite Chemmart and Priceline

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# Building our Brand

Proudly raising awareness about  
live biotherapeutic probiotics

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# Pharmacy channel marketing

## Partnering with key pharmacy banner groups through strategic promotional programs.

As a practitioner-only brand, Activated Probiotics® strives to build trust and raise education standards through all marketing and training touchpoints.

Activated Probiotics® combines education and product awareness across a multi-media marketing mix, maintaining consistent brand expression across a number of activities, including:

- Digital marketing collaborations
- In-store initiatives such as sampling and co-prescribing
- Sponsorship and live presentations at key industry events
- Traditional trade marketing such as window display and POS
- Customer-focussed educational resources
- Small group and one-on-one in-store training
- In-person and online group training events

An educational marketing strategy simultaneously builds brand affinity, increases brand awareness and establishes Activated Probiotics® as a thought leader in the complementary medicine industry. B2B activities build product knowledge that can be drawn from for co-prescribing and recommendation opportunities; while customer-facing activities such as catalogue advertising and window displays drive consumers to seek recommendations from their pharmacist.

## Biome Australia partners with community pharmacy groups to support them in delivering widely-accessible frontline healthcare through collaborative health clinics.

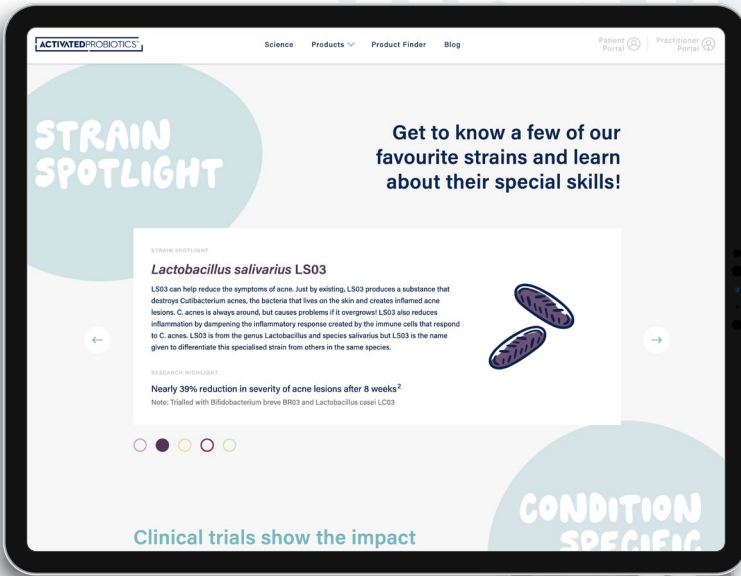
Biome Australia's health clinic program acts as an extension of existing community pharmacy clinic infrastructure, offering preventative screening that may otherwise not have been available to the community. Biome Australia's health clinic program is facilitated by Biome's team of practitioner education consultants and has been designed to create a valuable experience for the customer and pharmacy—with the ultimate goal of improving the health and wellbeing of more Australians.

In return for providing this service, which benefits the pharmacy's customers and increases foot traffic within the store, pharmacies typically allow Biome's practitioner education consultants 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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## Meet *Lactobacillus salivarius* LS01

A CLINICALLY PROVEN PROBIOTIC STRAIN

# 53% REDUCTION IN SEVERITY OF ECZEMA\*

It's what's on the inside that counts

\* 53% reduction in the severity of eczema after 4 months: Drago, L., Toscano, M., De Vecchi, E., Piconi, S., & Iemoli, E. (2012). Changing of fecal flora and clinical effect of *L. salivarius* LS01 in adults with atopic dermatitis. *Journal of Clinical Gastroenterology*, 46(3), 56-63.

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# Practitioner channel marketing

The growing practitioner channel offers valuable opportunities for Biome to provide high quality education and evidence-based clinical solutions.

Representing 35% of total sales revenue at the close of FY23, the practitioner channel is a rapidly-growing segment. Marketing activities within the practitioner market include awareness building, education to increase proficiency in prescribing Activated Probiotics® products and ongoing support as practitioners incorporate Activated Probiotics® into their patient care.

Practitioner awareness-building activities include:

- Professional trade publications
- Industry events and conferences
- Online advertising and partnerships with industry associations
- University student and staff educational events
- Podcasts with influential practitioners in Australian market

Product education initiatives include:

- Clinical product and research resources
- In-person and online product training
- In-person masterclasses across Australia and New Zealand
- Direct email education

Ongoing practitioner support channels include:

- Private practitioner-only social media group
- Dedicated support email
- Dedicated regional Practitioner Education Consultant

Through this three-phase approach to practitioner marketing, Biome Australia has built a highly engaged practitioner community.

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1-3 YEARS

# Short term growth strategies

## 01 Increase average account sell-through of Activated Probiotics® across all existing distribution points

Biome's top three distribution outlets are averaging \$85k+ per year of Activated Probiotics® sales. Biome's education and sales team are working to grow the sales revenue in our 4,000 accounts towards this level.

### Education & Training

Deeper channel penetration with industry leading education and training.

### Product Range Expansion

### Health Clinics

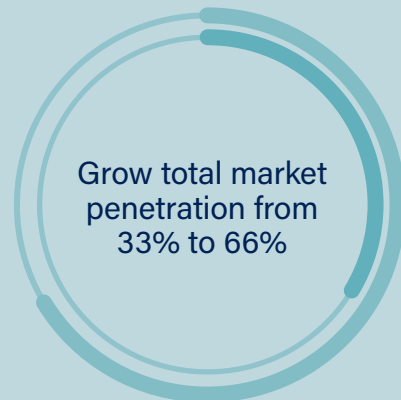
Health clinic expansion as part of Biome's premium service and support package.

## 02 Increase distribution into new pharmacy and health practitioners

Biome currently has 4,000 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 33% total market penetration and aims to grow this to 50% within 2-3 years in conjunction with increased per outlet sales.



## 03 Continue measured expansion into the UK / EU market



## 04 Develop the adjunct medication and co-prescribing 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.

**\$2.8B**

Total addressable market

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5+ YEARS

## 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 75% 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

## International market summary

Biome's European team remain focussed on the development of the practitioner markets, both in the UK and Ireland via both established wholesale partners and the addition of new strategic partners. This work has led to establishing a foundational business with a \$500k annual turnover.

This position, paired with Biome's sector leading educational program has helped create an environment, where the broader UK and Irish consumer is now aware of the benefits probiotic supplementation can provide. As a result Biome Europe has invested in the recruitment of a UK sales manager for health retail.

Tej, brings with him over twenty years of industry experience. During his most recent tenure, leading one of the UK's largest probiotic brands from its foundational levels to a £20m annual turnover business. He has been tasked with establishing Activated Probiotics® within health retail in the UK, focussing specifically on independent pharmacy and health food stores who are able to maintain Biome's professional credibility, support practitioners and their clients, whilst generating sales.

This represents an entirely new distribution channel for the region, the potential of which Biome is extremely excited about.

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**BIOME** AUSTRALIA<sup>®</sup>

# Annual Financial Statements

Biome Australia Limited

ABN 51 627 364 014

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## Annual Financial Statements

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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 2023.

#### 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:

Blair William Brabin Vega Norfolk (Managing Director)  
 Ilario Thomas Faenza (Independent Non-Executive Chair)  
 Dominique Gayle Fisher AM (Independent Non-Executive Director)

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

#### Financial Performance

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

Following a successful launch into Wesfarmers-owned, Wesfarmers Health and Priceline Pharmacy, Activated Probiotics® became the fastest-growing brand in the

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

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

#### Financial Position

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

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

#### Significant changes in the state of affairs

There were no 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 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### 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  
 Title: Independent non-executive Chair  
 Age: 52  
 Qualifications: MAICD  
 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 Nomination & Remuneration Committee.  
 Interests in shares: 1,421,809 fully paid ordinary shares

Name: Mr Blair William Brabin Vega Norfolk  
 Title: Managing Director  
 Age: 38  
 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 AM  
 Title: Independent non-executive Director  
 Age: 66  
 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 in 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 Trimantium GrowthOps (2 as Chair) including two IPOs (IAG and TGO); numerous private companies including NRMA, LaunchVic and SkyTechnologies. Currently Ms Fisher is a non-executive director of Geoscape Australia (Deputy Chair), Integrity Life Group and Paddl Co.

Ms Fisher 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, Geoscape Australia 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): N/A  
 Special responsibilities: Chair of Audit & Risk Committee and of Nomination and Remuneration Committee.  
 Interests in shares: 400,000 fully paid ordinary shares

'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 Chair, 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 2023, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr Ilario Thomas Faenza	3	3	2	2	4	4
Mr Blair William Brabin Vega Norfolk	3	3	-	-	-	-
Ms Dominique Gayle Fisher AM *	3	3	2	2	4	3
Dr Jaroslav Haman Boublik **	-	-	2	2	4	4

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

\*Chair of the Audit & Risk Committee and Nomination & Remuneration Committee

\*\*Member of Audit & Risk Committee and Nomination & Remuneration Committee only (not a Director)

#### 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 chair's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chair 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 2023.

*Consolidated entity performance and link to remuneration*  
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A cash bonus and incentive payments are linked to yearly sales revenue and EBITDA targets being met and debt funding being in place for STI's, and sales revenue and EBITDA targets being met over a 3 year period for LTI's. Any additional 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 2023, the consolidated entity, through the Nomination and Remuneration Committee, engaged Guerdon Associates, remuneration consultants, to put in place a LTI for the CFO, which is based on meeting EBITDA targets over a 3 year period, from 1 July 2022 to 30 June 2025. This has resulted in cash remuneration in the form of an LTI being implemented. Guerdon Associates was paid \$5,395 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 29 November 2022 Annual General Meeting ('AGM')

At the 29 November 2022 AGM, 98.65% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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.

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

- Mr Ilario Thomas Faenza—  
Independent Non-executive Chair
- Mr Blair William Brabin Vega Norfolk—  
Managing Director
- Ms Dominique Gayle Fisher AM—  
Independent Non-executive Director
- Mr Douglas Chee Yong Loh—  
Chief Financial Officer

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	
30 June 2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr Ilario Thomas Faenza	118,290	-	-	-	-	-	118,290
Ms Dominique Gayle Fisher AM	85,000	-	-	8,925	-	-	93,925
<i>Executive Directors:</i>							
Mr Blair William Brabin Vega Norfolk	350,000	150,000	-	28,676	-	-	528,676
<i>Other Key Management Personnel:</i>							
Mr Douglas Chee Yong Loh	275,000	150,000	-	28,195	-	-	453,195
	828,290	300,000	-	65,796	-	-	1,194,086

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr Ilario Thomas Faenza	93,500	-	-	9,350	-	-	102,850
Ms Dominique Gayle Fisher AM	71,981	-	-	7,198	-	-	79,179
<i>Executive Directors:</i>							
Mr Blair William Brabin Vega Norfolk	296,871	142,500	-	27,500	-	305,819	772,690
<i>Other Key Management Personnel:</i>							
Mr Douglas Chee Yong Loh	241,944	66,638	-	24,194	-	152,910	485,686
	704,296	209,138	-	68,242	-	458,729	1,440,405

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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>						
Mr Ilario Thomas Faenza	100%	100%	-	-	-	-
Ms Dominique Gayle Fisher AM	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Mr Blair William Brabin Vega Norfolk	72%	41%	28%	19%	-	40%
<i>Other Key Management Personnel:</i>						
Mr Douglas Chee Yong Loh	67%	55%	33%	14%	-	31%
Dr Jaroslav Haman Boublik	100%	45%	-	-	-	55%

#### 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: Chief Financial Officer  
 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*

There were no performance rights issued during the year to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

##### *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 2023.

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 2023.

#### Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Sales revenue	7,235,611	4,122,425	2,318,402	832,749	386,598
Net profit/(losses) after tax	(3,078,527)	(4,470,580)	(5,381,116)	(3,162,163)	(2,011,987)
Share price at beginning of year	\$0.075	\$0.20	-	-	-
Share price at the end of the year	\$0.072	\$0.075	-	-	-

#### 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	Received as part of remuneration	Additions*	Disposals/other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr Ilario Thomas Faenza	1,421,809	-	-	-	1,421,809
Mr Blair William Brabin	14,339,816	-	-	-	14,339,816
Vega Norfolk					
Ms Dominique Gayle Fisher AM	100,000	-	300,000	-	400,000
Mr Douglas Chee Yong Loh	12,655,297	-	50,000	-	12,705,297
	28,516,922	-	350,000	-	28,866,922

*Additions\* are from on-market purchases.*

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
24 November 2021	24 November 2024	\$0.30	2,131,404
24 November 2021	24 November 2025	\$0.40	2,131,404
31 March 2023	31 March 2026	\$0.12	2,500,000
31 March 2023	31 March 2026	\$0.20	2,500,000
			<u>9,262,808</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 2023 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 \$25,552 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

Chair

27 September 2023


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**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 2023 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**  
Chartered Accountants



**WAYNE TARRANT**  
Partner

**Signed at Melbourne this 27<sup>th</sup> day of September 2023**

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

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

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**Statement of financial position**  
As at 30 June 2023

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

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**Statement of changes in equity**  
**For the year ended 30 June 2023**

<b>Consolidated</b>	<b>Issued capital</b>	<b>Option Reserves</b>	<b>Performance rights</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2021	9,830,488	83,205	1,559,970	(9,893,535)	1,580,128
Loss after income tax expense for the year	-	-	-	(4,540,580)	(4,540,580)
Other comprehensive income for the year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,540,580)</b>	<b>(4,540,580)</b>

*Transactions with owners  
in their capacity as owners:*

Contributions of equity, net of transaction costs (note 22)	8,508,210	-	-	-	8,508,210
Share-based payments (note 33)	-	405,734	-	-	405,734
Exercise of performance rights	2,301,137	-	(2,301,137)	-	-
Cancellation of options	-	(73,497)	-	59,437	(14,060)
Issue of performance rights	-	-	585,615	-	585,615
Transfer to accumulated losses	-	-	155,552	(155,552)	-
<b>Balance at 30 June 2022</b>	<b>20,639,835</b>	<b>415,442</b>	<b>-</b>	<b>(14,530,230)</b>	<b>6,525,047</b>

<b>Consolidated</b>	<b>Issued capital</b>	<b>Option Reserves</b>	<b>Performance rights</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2022	20,639,835	415,442	-	(14,530,230)	6,525,047
Loss after income tax expense for the year	-	-	-	(3,078,527)	(3,078,527)
Other comprehensive income for the year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,078,527)</b>	<b>(3,078,527)</b>

*Transactions with owners  
in their capacity as owners:*

Contributions of equity, net of transaction costs (note 22)	124,220	-	-	-	124,220
Share-based payments (note 33)	-	15,525	-	-	15,525
Cancellation of options	-	(9,710)	-	9,710	-
<b>Balance at 30 June 2023</b>	<b>20,764,055</b>	<b>421,257</b>	<b>-</b>	<b>(17,599,047)</b>	<b>3,586,265</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**Statement of cash flows**  
**For the year ended 30 June 2023**

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

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## Notes to the financial statements 30 June 2023

### Note 1. General information

The financial statements cover Biome Australia Limited as a consolidated entity consisting of Biome Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Biome Australia Limited's functional and presentation currency.

Biome Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office

192-194 Johnston Street  
Collingwood Victoria 3066

#### Principal place of business

192-194 Johnston Street  
Collingwood Victoria 3066

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 27 September 2023. 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 29.

#### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Biome Australia Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Biome Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have

been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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.

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.

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.



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

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

#### Property, plant and equipment

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

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

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

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

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

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

#### 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.

#### 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.

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.

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 2023. 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.

#### *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 2023	30 June 2022
	\$	\$
Sales—Domestic	6,775,876	3,819,677
Sales—International	459,735	293,234
Other Sales	-	9,514
	7,235,611	4,122,425

**Note 6. Other income**

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

**Note 7. Expenses**

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Corporate and administrative expenses</i>		
Employee costs	1,534,815	1,235,072
Consulting fees	60,781	351,785
Accounting fees	106,285	104,599
IT expenses	292,986	310,902
Insurance	75,131	67,835
Secretarial fees	71,281	35,000
Legal fees	76,558	203,079
Other administrative expenses	2,110	16,810
Share based payments	25,000	467,564
	2,244,947	2,792,646

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Depreciation, amortisation and impairments</i>		
Depreciation expense	122,339	26,400
Depreciation expense on right-of-use asset	98,038	57,189
	220,377	83,589

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Finance costs</i>		
Interest expense	2,206	12,638
Interest expense on leases/right-of-use assets	20,224	13,526
Bank charges	3,584	2,672
Settlement discount	-	8,498
Merchant fees	5,271	3,369
Foreign exchange (gains)/losses	82,612	6,050
Bad debts	-	604
	113,897	47,357

**Note 8. Income tax expense**

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,078,527)	(4,540,580)
Tax at the statutory tax rate of 25%	(769,632)	(1,135,145)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D refund	(81,935)	(55,819)
R&D expenses	187,500	103,448
Share-based payments	34,391	116,891
Timing differences not recognised	135,410	189,256
	(494,266)	(781,369)
Current year tax losses not recognised	494,266	781,369
Income tax expense	-	-

	Consolidated	
	30 June 2023	30 June 2022
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	11,416,558	9,439,495
Potential tax benefit @ 25%	2,854,140	2,359,874

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

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

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

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

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

**Note 11. Current assets—inventories**

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

**Note 12. Current assets—other**

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

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

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

*Reconciliations*

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

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

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

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

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Trade and other payables	2,274,371	1,125,558

Refer to note 26 for further information on financial instruments.

**Note 16. Current liabilities—borrowings**

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Loans—other (refer note 28 related party transactions)	125,018	-

Refer to note 26 for further information on financial instruments.

*Lease liabilities*

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

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

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

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

**Note 17. Current liabilities—lease liabilities**

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Lease liability	99,584	91,700

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

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

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

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

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Lease liability	275,765	375,348

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Long service leave	65,626	-

**Note 22. Equity—issued capital**

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

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	301,464,273		9,830,488
Issue of shares	19 July 2021			
	31 August 2021	27,976,494	\$0.06	1,678,651
Exercise of performance rights	3 & 18 August 2021	12,647,708	\$0.06	758,862
Consolidation of capital on a 2.3 : 1 basis	18 October 2021	(193,354,525)	-	-
Issue of shares through initial public offering	24 November 2021	40,000,000	\$0.20	8,000,000
Conversion of performance rights	24 November 2021	11,175,907	\$0.13	1,542,275
Capital raising costs		-	-	(1,170,441)
Balance	30 June 2022	199,909,857		20,639,835
Employee incentive plan	18 January 2023	1,902,689	\$0.0723	137,564
Issue of unlisted options	31 March 2023	-	-	500
Capital raising costs		-	-	(13,844)
Balance	30 June 2023	201,812,546		20,764,055

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net

debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

**Note 23. Equity—reserves**

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

**Note 24. Equity—accumulated losses**

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



**Note 25. Equity—dividends**

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

**Note 26. Financial instruments****Financial risk management objectives**

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

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

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

**Market risk***Foreign currency risk*

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

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

*Price risk*

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

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed

to interest rate risk because of their short-term nature. At 30 June 2023, the consolidated entity's cash/cash equivalents (note 9) are variable interest rate instruments earning approximately 3.80% p.a. at call interest.

**Credit risk**

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

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

**Liquidity risk**

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

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

*Fair value of financial instruments*

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

**Note 27. Remuneration of auditors**

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Audit services—JTP Assurance		
Audit or review of the financial statements	36,000	32,000

**Note 28. Related party transactions***Parent entity*

Biome Australia Limited is the parent entity.

*Transactions with related parties*

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

*Loans to/from related parties*

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

**Note 29. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

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

*Statement of financial position*

	Parent	
	30 June 2023	30 June 2022
	\$	\$
Total current assets	1,066,820	3,619,279
Total assets	16,901,618	17,069,307
Total current liabilities	-	-
Total liabilities	-	-

*Equity*

Issued capital	20,764,055	20,639,835
Share option and performance rights reserves	421,257	415,442
Accumulated losses	(4,283,694)	(3,985,970)
Total equity	16,901,618	17,069,307

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

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

*Interest in subsidiaries*

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

*Contingent liabilities*

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

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

*Capital commitments—Property, plant and equipment*

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

*Significant accounting policies*

The accounting policies of the parent entity are

consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

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

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

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

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

**Note 32. Earnings per share**

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

**Note 33. Share-based payments**

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

30 June 2023

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

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

30 June 2023

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
31/03/2023	31/03/2026	\$0.12	-	2,500,000	-	-	2,500,000
31/03/2023	31/03/2026	\$0.20	-	2,500,000	-	-	2,500,000
			-	5,000,000	-	-	5,000,000

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

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

## 30 June 2022

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 34. Commitments and Contingencies***(a) Capital expenditure commitments*

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

*(b) Contingent liabilities*

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

The group has no other contingent liabilities at 2022 and 2023

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**Biome Australia Limited**  
**Directors' declaration**  
**30 June 2023**

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 2023 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



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Mr Ilario Faenza

Chair

27 September 2023

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**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 2023, 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 2023 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 2023 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.

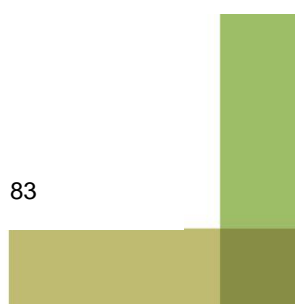
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 49 to 54 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Biome Australia Limited and Controlled entities, for the year ended 30 June 2023, 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.



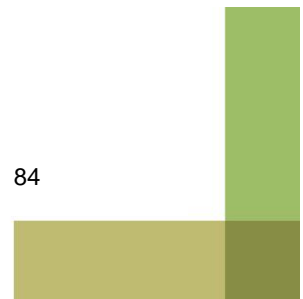
**JTP ASSURANCE**  
Chartered Accountants



**WAYNE TARRANT**  
Partner

**Signed at Melbourne this 27<sup>th</sup> day of September 2023**

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## 1. Corporate Governance Summary

### 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 all markets we operate. 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 meeting 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.

The Board's competencies are assessed annually and the results of the most recent (July 2023) 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	4.33
Executive Management	5
Industry Specific Skills	3.67
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 believes these gaps are effectively covered by access to subject matter experts as the need arises to complement the skills of the existing non-executive and executive directors.

#### 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 2022 to 30 June 2023 are set out below.

During the period, 3 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
Ilario Faenza	3	3	4	4	2	2
Blair Vega Norfolk	3	3	-	-	-	-
Dominique Fisher *	3	3	4	3	2	2
Jaroslav Boublik **	-	-	4	4	2	2

\* Chair of the Audit & Risk Committee and Nomination & Remuneration Committee

\*\* Member of Audit & Risk Committee and Nomination & Remuneration Committee only (not a Director)

#### 1.3 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.

**Shareholder Information**

The shareholder information set out below was applicable as at 15 September 2023.

*Distribution of equitable securities*

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

**Ordinary shares**

Size of holding	Number of holders	% of total shares issued
1 to 1,000	13	-
1,001 to 5,000	88	0.16
5,001 to 10,000	127	0.48
10,001 to 100,000	332	6.88
100,001 and over	263	92.48
	823	100.00
Holding less than a marketable parcel	64	0.07

**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**

Holder name	Number held	% of total shares issued
Ocean and Remi Pty Ltd <Cambria Partners A/C>	14,162,499	7.02%
Raymond Demaio Pty Ltd <Raymond Family A/C>	10,927,536	5.41%
Emmanuel Investment Holdings Pty Ltd <Loh Family A/C>"	9,602,010	4.76%
Cob Pty Ltd	7,712,419	3.82%
Mrs Aini Loh	4,172,496	2.07%
Burrangong Pty Ltd <Sam Family Settlement A/C>	3,797,101	1.88%
See Breeze Consulting Pty Ltd	3,698,116	1.83%
Kyriaco Barber Pty Ltd	3,631,623	1.80%
Mr Michael Sven Ola Oredsson	3,254,579	1.61%
Qintet Pharma Partners Pty Ltd	3,094,203	1.53%
Mr Joshua Oliver Stanford-Harris	3,088,406	1.53%
Astro Superannuation Holdings Pty Ltd <Emmanuel Super Fund A/C>"	3,047,287	1.51%
Mr Yuk Chung Edward Chiu	2,769,565	1.37%
Carlisle And Co Pty Ltd <Wattle Superfund A/C>	2,536,232	1.26%
Citicorp Nominees Pty Limited	2,431,297	1.20%
Chocolate Investments Pty Ltd	2,200,000	1.09%
Mr John William Bronger	2,140,579	1.06%
Netwealth Investments Limited <Wrap Services A/C>	2,020,000	1.00%
Mr Ulf Wiinberg	1,949,275	0.97%
HWH Power Pty Ltd <HWH S/F A/C>	1,811,594	0.90%
	88,046,817	43.63%

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*Unquoted equity securities*

	Number on issue	Number of holders
Options over ordinary shares issued		
1) Options exercisable at \$0.30c each, expiring 24/11/2024 CG Nominees (Australia) Pty Ltd, holder of 100% of total issued	2,131,404	1
2) Options exercisable at \$0.40c each, expiring 24/11/2025 CG Nominees (Australia) Pty Ltd, holder of 100% of total issued	2,131,404	1
3) Options exercisable at \$0.12c each, expiring 31/03/2026 (a) Anna Carina Pty Ltd <Anna Carina Family A/C>, holder of 40% of total issued (b) Mersound Pty Ltd, holder of 40% of total issued	2,500,000	6
4) Options exercisable at \$0.20c each, expiring 31/03/2026 (a) Anna Carina Pty Ltd <Anna Carina Family A/C>, holder of 40% of total issued (b) Mersound Pty Ltd, holder of 40% of total issued	2,500,000	6
Restricted fully paid ordinary shares	39,359,545	11
1) Ocean And Remi Pty Ltd <Cambria Partners A/C> Holder of 14,162,499 restricted fully paid ordinary shares or 36.0% of total issued		
2) Emmanuel Investment Holdings Pty Ltd <Loh Family A/C> Holder of 9,602,010 restricted fully paid ordinary shares or 24.4% of total issued		

**Substantial holders**

Substantial holders in the company are set out below:

**Ordinary shares**

Holder name	Number held	% of total shares issued
Blair Vega Norfolk	14,339,816	7.11
Douglas Loh	12,705,297	6.30
Guiseppe Demaio	10,927,536	5.41
Richard Tegoni	10,287,619	5.10

**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
		43,622,353

**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.

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# Corporate directory

## Directors

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Blair William Brabin Vega Norfolk  
(Managing Director)  
Ilario Thomas Faenza  
(Independent Non-Executive Chair)  
Dominique Gayle Fisher AM  
(Independent Non-Executive Director)

## Company secretary

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George Lazarou

## Chief financial officer

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Douglas Chee Yong Loh

## Registered office

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Biome Australia Limited  
192-194 Johnston Street  
Collingwood Victoria 3066  
Phone: +61 3 9017 5800  
Email: [activatedcorporate@activated.co](mailto:activatedcorporate@activated.co)

## Principal place of business

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192-194 Johnston Street  
Collingwood Victoria 3066

## Share register

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Automic Pty Ltd  
477 Collins Street  
Melbourne Victoria 3000  
Phone: 1300 288 664

## Stock exchange listing

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Biome Australia Limited shares are listed on the Australian Securities Exchange (ASX code: BIO)

## Website

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<https://biomeaustralia.com/>

## Auditor

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MVA Bennett Assurance Pty Ltd  
Incorporating JTP Assurance  
Level 5, North Tower  
485 Latrobe St  
Melbourne VIC 3000

## Lawyers

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

## Intellectual Property (IP) Lawyers

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Macpherson Kelley  
Level 7, 600 Bourke Street  
Melbourne VIC 3000

## Regulatory Advisor

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Anthea Steans Consulting  
PO Box 702  
Sanctuary Cove QLD 4212

## External Accountant and Tax Advisor

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MVA Bennett Pty Ltd  
Incorporating Jeffrey Thomas & Partners  
Level 5, North Tower  
485 Latrobe St  
Melbourne VIC 3000

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