



24 April 2023

## REPORT FOR THE QUARTER ENDED 31 MARCH 2023

**Bioxyne Limited** (ASX Code: BXN) (Bioxyne or the Company) is pleased to report on its activities for the quarter ended 31 March 2023.

### Highlights

- **Strong cash balance at ~\$3.4 million, after loan of \$400k to Breathe Life Sciences**
- **Revenues up over previous quarter and Q3 2022 and in line with YTD FY2023 at \$1.98 million**
- **Execution of SPA for acquisition of European focused Online Direct Sales Business, Breathe Life Sciences, now subject to shareholder approval**

### Results

Sales revenue (unaudited) for the quarter ended 31 March 2023 was \$0.76 million (2022: \$0.63 million), bringing the nine month result YTD to \$1.98m (2022: \$1.99m).

The Company shipped its 3<sup>rd</sup> and 4<sup>th</sup> orders of ColosNZ Pro colostrum product for Asia during the quarter. The direct selling group (now 51% owned by the Company) is making positive progress in expanding its operations in the Asia Pacific region, assisted by its Singapore based partner, although the benefits are only expected in FY2024.

Wholesale sales of *Lactobacillus Fermentum* PCC® are below the previous year and the Company is looking at expanding its channels to market, and launching a nano encapsulated update of its Progastrim™ product significantly increasing shelf life and product stability.

The unaudited result for the nine months to 31 March 2023 is a loss of approximately \$136k (2022: unaudited loss \$104k). This result includes an impairment of \$186k (HY 2022 \$100k) for short life dated inventory. The Company's business model going forward is to produce to order which should negate the inventory write downs experienced in the last two years, largely brought about by COVID-19.



The Company had an operating cash inflow for the quarter of \$73k (and an operating cash outflow of \$341k for the half year).

The Company made a loan during the quarter of \$400k to Breathe Life Sciences (BLS) to enable it to take advantage of a significant order. The Company expects that shareholders will approve the acquisition of BLS at the Shareholders meeting to be held on 5 May 2023 and looks forward to reporting on BLS results post-acquisition. Cash at the end of March 2023 was a strong balance of \$3.37m.

### **Execution of the Sale and Purchase Agreement (SPA) for Acquisition of European focused Online Direct Sales Business - Breathe Life Sciences**

The Company announced on 19 December 2022 the execution of a Binding Term Sheet to acquire Breathe Life Sciences Pty Ltd (BLS).

During the quarter the parties completed due diligence and executed a binding Sale and Purchase Agreement.

The Company remains confident that the acquisition of BLS will add significant value to the shareholders of Bioxyne, bringing together two of the leading direct sales companies in the food supplement, health and wellness industry. Breathe Life Sciences is known for its innovative approach to developing plant-based products including CBD based therapies that promote health and wellness, while Bioxyne is a pioneer in the field of probiotic and dairy and colostrum-based wellness and immune supplements. Breathe Life Sciences is the owner and manufacturer of internationally recognised health brand, Dr Watson®, and Bioxyne is the owner of proprietary probiotic, *Lactobacillus fermentum PCC*®.

The acquisition will expand Bioxyne's product range and, importantly, catapult the Company to be a global health and wellness company. The transaction will also provide Breathe Life Sciences with the resources and support it needs to continue to innovate and grow.

The Shareholder meeting to approve the acquisition will be held on 5 May 2023. Following the approval the parties will clear the remaining conditions precedent, with an expected effective date for the transaction of 31 May 2023.

### **Corporate**

Payments to related parties and their associates during the quarter of \$73,000 comprise director and non-executive director salaries, fees and superannuation.



## Product

The Bioxyne product suite comprises:

***Lactobacillus Fermentum PCC***<sup>®</sup> - patented strain of probiotics wholesale to contract manufacturers for use with their clients' consumer probiotics

**Progastrim**<sup>™</sup> (PCC<sup>®</sup>) - clinically tested proprietary patented probiotic, for general gut health and immune support

**Mymana**<sup>™</sup> – colostrum and fortified milk formula for nutrition and immune support

**ColosNZ PRO**<sup>™</sup> – enhanced colostrum and fortified milk formula for nutrition and immune support

**Col-Coffee**<sup>™</sup> - three in one instant coffee mix with colostrum

**BK18**<sup>™</sup> – NZ dairy-based formula with probiotics and vitamins for general health and immune support

**Allura**<sup>™</sup> – weight management and beauty drink for women

**Mustang**<sup>™</sup> – weight management and vitality shake for men

**This quarterly activity report has been approved by the Board.**

For more information, please contact:

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## About Bioxyne

Bioxyne Limited (ASX:BXN) is an Australian health and wellness products company (incorporated in 2000) with a focus on clinically effective health and wellness products particularly in the gut and immune health areas.

Bioxyne is in the consumer dietary supplements and functional foods markets through its proprietary probiotic, *Lactobacillus fermentum* VRI-003 (PCC®), and through its direct sales business trading as Bioxyne International, the Company has developed a range of functional food products containing ingredients sourced primarily from New Zealand.

Bioxyne’s probiotic business is supported by a manufacturing and distribution agreement with Chr. Hansen (Denmark) a global leader in the manufacturing of natural food additives and supplements products for the food, health, pharmaceutical and agriculture industries.

Bioxyne has a distribution agreement for PCC® with Nu-Skin Enterprises (USA) a successful worldwide direct selling company.

For more information on Bioxyne, please visit [www.bioxyne.com](http://www.bioxyne.com)

## About Breathe Life Sciences

BLS and its subsidiaries (Breathe Life Sciences) contract manufactures and commercialises plant-based wellness products and supplements, including cannabinoid (CBD), cannabis extracts, vitamins, manuka honey and mushroom complexes. Breathe Life Sciences operates in Australia, the UK, Japan, and Europe (France, Germany, Spain, Switzerland, Czech Republic) with 4 accredited contracted manufacturing facilities across 3 continents, and a team of 40+ people.

BLS has operations in:

Asia Pacific	United Kingdom	Europe
<ul style="list-style-type: none"> <li>• Australia</li> </ul>	<ul style="list-style-type: none"> <li>• England</li> <li>• Northern Ireland</li> <li>• Scotland</li> </ul>	<ul style="list-style-type: none"> <li>• France</li> <li>• Germany</li> <li>• Spain</li> <li>• Switzerland</li> <li>• Czech Republic</li> </ul>

For more information on Breathe Life Sciences, please visit [www.breathelifesciencesportal.com](http://www.breathelifesciencesportal.com)

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Bioxyne Limited

**ABN**

97 084 464 193

**Quarter ended ("current quarter")**

31 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	796	1,550
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(564)	(993)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs (including directors fees)	(11)	(349)
(f) administration and corporate costs	(164)	(569)
1.3 Dividends received (see note 3)		
1.4 Interest received	16	20
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>73</b>	<b>(341)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		1,000
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>		<b>1,000</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		1,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Loan to Breathe Life Sciences	(400)	(400)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(400)</b>	<b>600</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,793	2,168
4.2	Net cash from / (used in) operating activities (item 1.9 above)	73	(341)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	1,000

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(400)	600
4.5	Effect of movement in exchange rates on cash held	(91)	(52)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,375</b>	<b>3,375</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,093	1,536
5.2	Call deposits	2,282	2,257
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,375</b>	<b>3,793</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

73

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

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

**7.5 Unused financing facilities available at quarter end**

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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**8. Estimated cash available for future operating activities****\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	73
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,375
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,375
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

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

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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



## Compliance statement

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

Date: 24 April 2023.....

Authorised by: ..The Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

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