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31 October 2023

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

Bioxyne Limited (ASX Code: BXN) (Bioxyne or the Company) is pleased to report on its activities for the quarter ended 30 September 2023.

Highlights

- **Bioxyne generated strong revenue growth Q1 FY2024 over prior year**
- **Significant demand for medicinal cannabis product sees further investment in inventories of \$1 million.**
- **TGA GMP audit of Australian manufacturing facility in November 2023**
- **Cash on hand 30 September 2023 \$2.2 million**

Results

Group revenue for the first quarter was approximately \$2.1 million, a 75% increase over the prior year first quarter of \$1.2 million.

The growth was driven by Breathe Life Sciences medicinal cannabis business, principally in UK and Europe.

PCC™ Wholesale sale business was 20% up on the same quarter prior year at \$263k.

The Group recorded an unaudited operating profit for the quarter of approximately \$200k.

Operations

The Group has made significant progress in the quarter in the development of the medicinal cannabis business in UK, Europe and Australia.

In August 2023 the Group executed a joint venture with [CanXChange](#) to launch an AI-powered B2B therapeutic goods platform in Australia. The platform, expected to go live in Australia in Q4 2023. This targets Australia's fast growing \$500 million medicinal cannabis market to provide a portal to facilitate wholesale trading between licensed buyers, sellers, cultivators, and accredited manufacturers in the country. The platform will also open international markets for Australian medicinal cannabis companies licensed to export.

The global cannabis market size is forecast to grow from US\$57.18 billion in 2023 to US\$444.34 billion by 2030, at a CAGR of 34.03% during the forecast period.

The Group successfully secured medicinal cannabis products during the quarter from Colombia, Uruguay and Macedonia to meet growing demand following the launch of its Dr Watson branded dried flower product, increasing wholesale demand and increased subscriptions through the Australian online healthcare business, BLS Clinics. Dried medicinal cannabis flower is the highest in-demand medicinal cannabis product in the global markets.

The investment in inventory has increased from \$995k at 30 June 2023 to \$2 million as at 30 September 2023.

The Company has confirmed with the TGA a date in November for GMP inspection, audit, and certification of its Brisbane pharmaceutical GMP manufacturing facility, allowing it to scale production capabilities significantly.

Bioxyne's drug development pipeline includes Psilocybin (magic mushrooms) and MDMA capsules and the Company expects to have established commercial pathways via clinical trials and authorised prescribers in 2024.

Corporate

The Group is currently looking at a number of opportunities to expand the delivery of its plant based products to market.

The Group had a net cash outflow for the quarter of \$1.6 million that included a \$1 million build up in medicinal cannabis product to meet growing demand.

Cash balance at the end of the quarter is \$2.2 million.

Mr NH Chua, a director of the Company has advised the Board that he will retire at the Annual General Meeting on 17 November 2023. The Board take this opportunity to thank Mr Chua for his contribution to the Company over the past 6 years and wish him well in his future endeavours.

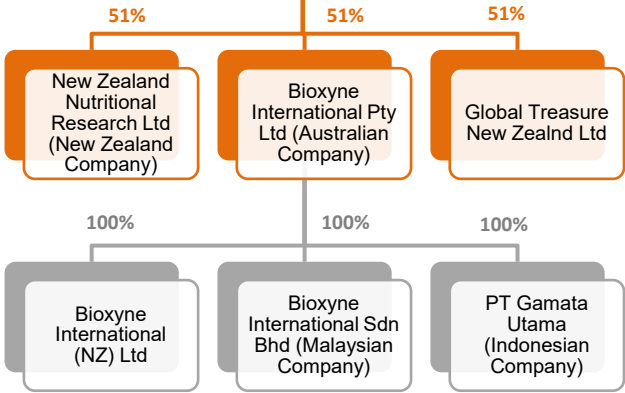
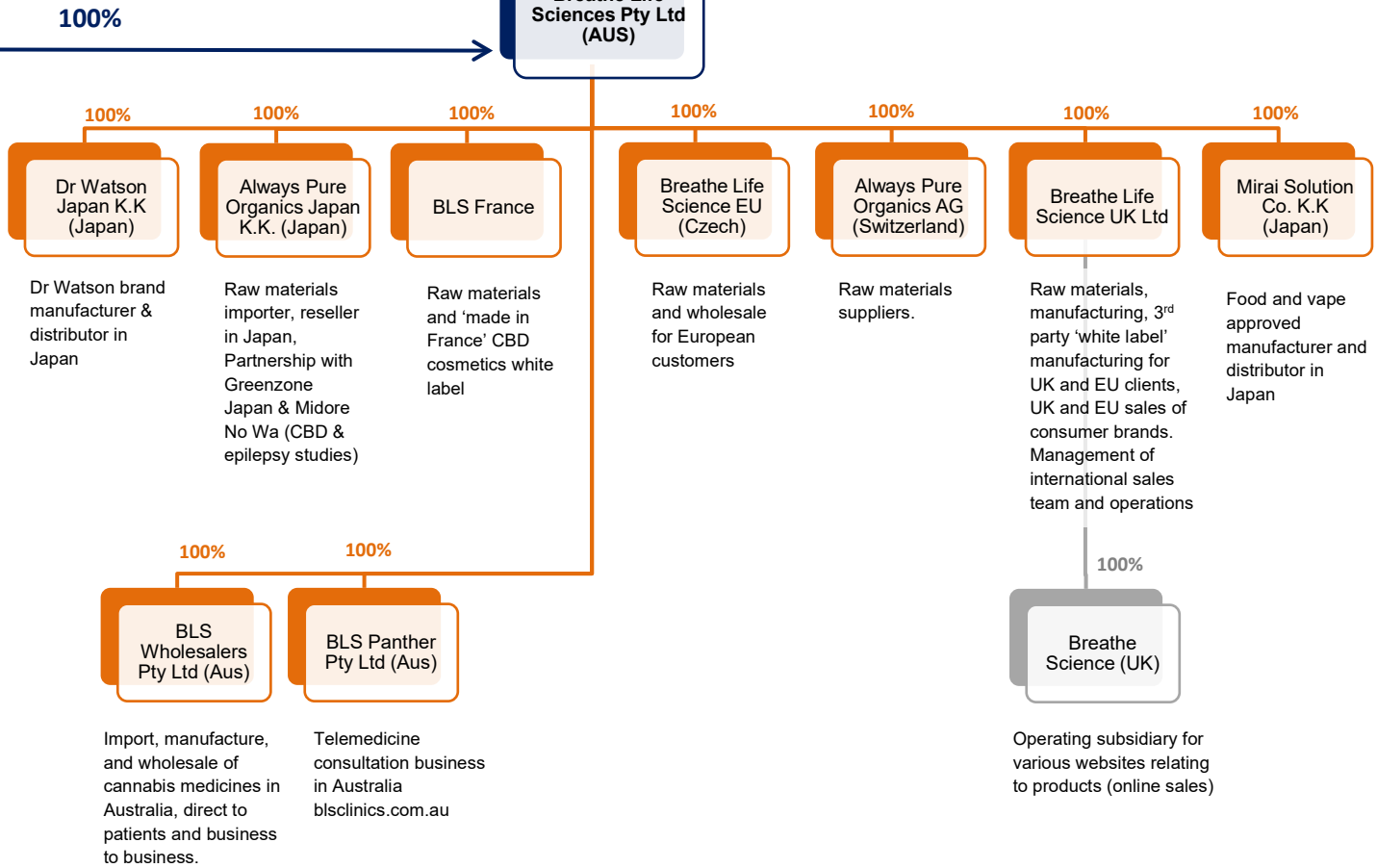
This announcement has been approved for release by the Board.

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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 <https://bioxyne.com>

About Breathe Life Sciences (BLS)

BLS is an Australian incorporated company that has wholly-owned subsidiaries in Japan, France, Czechia, Switzerland, United Kingdom and Australia (together, the **BLS Group**).

In Australia, the BLS Group (via the subsidiary BLS Wholesalers Pty Ltd) holds controlled substance licenses to import, export, wholesale and manufacture Schedule 3,4 and 8 poisons (Medicinal cannabis), and operates a wholesale distribution model as well as direct to patient supply of prescribed medications via blsclinics.com.au. BLS Wholesalers also holds a manufacturing licence issued by the Queensland government for schedule 3,4, and 8 poisons, ISO-7 audited clean rooms, and a pending pharmaceutical GMP (Good Manufacturing Practices) audit.

Outside of Australia the BLS Group operates a health and wellness products and brands business focussed on naturally derived active nutraceuticals, wellness and lifestyle supplements and cannabidiol (CBD) based therapeutic goods.

The BLS Group commercialises products containing active ingredients, such as cannabinoids, novel food supplements, mushroom extracts, vitamins, Manuka Honey and probiotic supplements. It primarily operates in the UK, Europe and Japan, and engages in the following activities:

- (a) owner of Dr Watson® brand in the UK, Japan, Australia and New Zealand – Dr Watson is an internationally recognized leading CBD, health and lifestyle brand. Dr Watson products consist of cannabis-based food supplements and lifestyle products, cosmetics, functional mushrooms and nootropics;
- (b) contract manufacture and wholesale of raw materials and cannabinoid extracts in Japan, UK and Europe;
- (c) white label manufacture of third-party wellness and supplements brands in Japan, UK and Europe in company-owned facilities;
- (d) research and development for third party customers; and
- (e) direct sales via online and wholesale sales of BLS-owned consumer brands, such as Dr Watson® (drwatsoncbd.com, via The Organic Pharmacy (theorganicpharmacy.com), VPZ (vpz.co.uk), NHS (National Hemp Service), Amazon.co.uk, Amazon.co.jp, Rakuten.co.jp), NOL (nolcbn.com), Apothecary CBD (via Amazon UK), Essentials CBD (via Amazon UK).

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")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,307	2,307
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,450)	(2,450)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs (including directors fees)	(577)	(577)
(f) administration and corporate costs	(907)	(907)
1.3 Dividends received (see note 3)		
1.4 Interest received	18	18
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)		
1.9 Net cash from / (used in) operating activities	(1,609)	(1,609)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(10)	(10)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(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) cash on acquisition of subsidiary		
2.6 Net cash from / (used in) investing activities	(10)	(10)

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

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,846	3,846
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,609)	(1,609)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(10)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	Cash and cash equivalents at end of period	2,231	2,231

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	731	2,064
5.2	Call deposits	1,500	1,782
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,231	3,846

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**

182

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)	(1,609)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,231
8.3	Unused finance facilities available at quarter end (Item 7.5)	
8.4	Total available funding (Item 8.2 + Item 8.3)	
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.4

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: No – significant build up in inventory in the quarter to meet sales demand.

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: Not planned. The Company manages cash requirements through monthly cash flow forecasts.

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: Yes – normal trading activity supported by demand for the Company's products.

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: 31 October 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.