



APPENDIX 4E

for the Year Ended 30 June 2023

BIOXYNE LIMITED

ABN 97 084 464 193



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The Companies Announcements Office
The Australian Stock Exchange Limited
SYDNEY

Date: 31 August 2023

APPENDIX 4E

The results for announcement to the market are as follows:

1. The reporting period is twelve months to 30 June 2023. The previous reporting period was twelve months to 30 June 2022.
2. Key information relating to the above reporting periods is as follows:

| | 30 June 2023 \$ | 30 June 2022 \$ | % change |
|---|--------------------|--------------------|----------|
| Revenue from ordinary activities | 5,160,538 | 463,636 | 100% + |
| Loss from ordinary activities after tax attributable to members | (1,939,970) | (494,022) | (293%) |
| Net loss attributable to members | (1,929,592) | (494,022) | (291%) |
| Proposed dividend | - | - | - |
| Net tangible assets per issued security (cents) | 0.18 | (0.04) | 550% |

3 to 6. See attached financials.

7. No dividends have been paid or are proposed.
8. There is no dividend reinvestment plan.
9. Net tangible assets per security \$0.0018 (2022: (\$0.0004)).
10. *Acquisition or disposal of any entities occurring during the financial year.*

On 19 May 2023, Bioxyne Limited wholly acquired Breathe Life Sciences Pty Limited.

Under the accounting standard applicable to business acquisitions, AASB 3 Business Combinations, the acquisition Breathe Life Sciences Pty Limited ("BLS") is required to be accounted for as a reverse acquisition of BXN by BLS. Under this scenario, BLS is deemed to be the acquirer and BXN is deemed to be the subsidiary. Applying the reverse acquisition method of accounting, following the acquisition, the consolidated financial statements are required to represent the continuation of the financial statements of BLS and its controlled entities.

As a result of the reverse acquisition methodology outlined above, the consolidated financial statements presented represent BLS and its controlled entities from the date of acquisition.

On 31 October 2022, BLS acquired the shares in Mirai Solution Co KK. This transaction has been accounted for as an asset acquisition.

11. *Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position.*

Included in this document.

12. The group is not a foreign entity.

13. *Commentary on the results*

See commentary and the attached financials.

14. The financial statements are subject to completion of the audit.

COMMENTARY ON RESULTS FOR THE YEAR

REVENUE

Product sales in 2023 of \$5,160,538 represent one years' sales from BLS and one months' sales (following date of acquisition) of BXN (2022: \$463,636 BLS sales). The growth in BLS product sales was attributable to organic growth in the BLS business, launching of its products on Amazon in a number of markets, and the acquisition of Always Pure Organics in May 2022 and Mirai KK Japan in October 2022.

Had the business combination been effected as at 1 July 2022 the combined product sales revenue for the year would be \$7,471,761. This would include 12 month revenue for the BXN group, of \$2,356,451 (2022: \$2,416,351).

BXN's wholesale sales business of its proprietary probiotic *Lactobacillus Fermentum PCC®* continues to be an important contributor to the business, however revenues declined by 28% over the previous financial year given increased competition in this sector.

The Group divested 49% of the direct selling group in late FY2022. Product sales of the direct selling group increased by 128% over the previous year.

RESULT

The net loss after tax for the year was \$1,964,443 (2022: loss \$494,022), again representing the results of BLS for twelve months and BXN for one month. Costs associated with re-positioning the business after acquisitions in May and October 2022 and the merger of BLS and BXN in May 2023 have weighted on the result. This includes non-cash share based payments of \$696,428 for services rendered by employees and consultants.

BALANCE SHEET

The net assets of the group increased to \$15,006,135 (2022: (\$364,844 BLS only)), however this includes goodwill arising on the business combination of BXN and BLS in the amount of \$11,568,010.

The group cash balance at the end of the year was \$3,845,969 (2022: \$65,932 BLS Only).

CASHFLOW

The Group reported an operating cash outflow for the year of \$1,131,026 being twelve months of BLS and one month of BXN (2022: outflow \$506,811 BLS only).

The cash position of BXN is shown as at date of acquisition being 31 May 2023 as \$3,620,823.

Cash at the end of the year was \$3,845,969 (2022: \$65,932).

OUTLOOK

Following completion of the business combination of BXN and BLS in May 2023, the group has focused on introducing its expanded product range to the markets it now operates in:

Asia Pacific

- Indonesia
- Malaysia
- Vietnam
- Japan
- Australia
- New Zealand

United Kingdom

- England
- Northern Ireland
- Scotland

USA

- Wholesale sales
PCC® through
NuSkin

Europe

- France
- Germany
- Spain
- Switzerland
- Czech Republic

The BLS business is continuing to grow organically through the manufacture and commercialisation of plant-based wellness products and supplements, including CBD, cannabis extracts, vitamins, manuka honey and mushroom complexes, and has more recently expanded into online healthcare together with technology partner InstantScripts, and expanded its reach on Amazon to US and Japan.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

| | Notes | 2023 \$ | 2022 \$ |
|--|-------|--------------------|------------------|
| Revenue from continuing operations | | | |
| Sale of goods | 3 | 5,160,538 | 463,636 |
| Other income | 4 | 184,021 | 4,729 |
| Cost of goods sold | | (3,262,169) | (328,707) |
| Expenses | | | |
| Personnel costs | | (1,203,836) | (259,119) |
| Business development | | (473,401) | (45,209) |
| Marketing | | (189,910) | (13,578) |
| Professional fees | | (629,712) | (37,574) |
| Compliance costs | | (72,041) | (1,386) |
| Non-executive director fees | | (25,568) | - |
| General and administration | | (659,625) | (132,599) |
| Impairment of intangibles | | (96,312) | (44,309) |
| Share based payments | | (696,428) | (99,906) |
| Loss before income tax | | (1,964,443) | (494,022) |
| Income tax | | - | - |
| Loss after income tax for the year | | (1,964,443) | (494,022) |
| Other comprehensive income | | | |
| <i>Items that will be classified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | 10,378 | - |
| Other comprehensive income, net of tax | | 10,378 | - |
| Total comprehensive loss for the year, net of tax | | (1,954,065) | (494,022) |
| <i>Loss for the year is attributable to:</i> | | | |
| Members of the parent entity | | (1,939,970) | (494,022) |
| Non-controlling interests | | (24,473) | - |
| | | (1,964,443) | (494,022) |
| <i>Total comprehensive loss for the year is attributable to:</i> | | | |
| Members of the parent entity | | (1,929,592) | (494,022) |
| Non-controlling interests | | (24,473) | - |
| | | (1,954,065) | (494,022) |
| Earnings per share | | | |
| <i>From continuing operations</i> | | Cents | Cents |
| - Basic loss per share | 23 | 0.15 | 0.067 |
| - Diluted loss per share | 23 | 0.15 | 0.067 |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023

| | Notes | 2023 \$ | 2022 \$ |
|--|-------|-------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 3,845,969 | 65,932 |
| Trade receivables | 6 | 826,477 | 230,985 |
| Current tax receivables | 7 | 109,861 | 22,448 |
| Other current assets | 8 | 262,976 | 12,372 |
| Inventories | 9 | 994,806 | 75,551 |
| Total Current Assets | | 6,040,089 | 407,288 |
| Non-Current Assets | | | |
| Intangible assets | 10 | 11,568,010 | - |
| Plant and equipment | 11 | 85,024 | 43,018 |
| Total Non-Current Assets | | 11,653,034 | 43,018 |
| Total Assets | | 17,693,123 | 450,306 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 2,621,887 | 815,150 |
| Provisions | 13 | 65,101 | - |
| Total Current Liabilities | | 2,686,988 | 815,150 |
| Total Non-Current Liabilities | | - | - |
| Total Liabilities | | 2,686,988 | 815,150 |
| Net Assets | | 15,006,135 | (364,844) |
| EQUITY | | | |
| Contributed equity | 14 | 17,547,751 | 128,935 |
| Reserves | 15 | 73,129 | 50,001 |
| Accumulated losses | | (2,483,750) | (543,780) |
| Capital and reserves attributable to owners of Bioxyne Limited | | 15,137,130 | (364,844) |
| Non-controlling interests | 16 | (130,995) | - |
| Equity | | 15,006,135 | (364,844) |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

| 2023 | Contributed equity | Accumulated losses | Reserve | Non-controlling Interests | Total |
|---|---------------------------|---------------------------|-----------------|----------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| At 30 June 2022 | 128,935 | (543,780) | 50,001 | - | (364,844) |
| Loss for the year | - | (1,939,970) | - | (24,473) | (1,964,443) |
| Other comprehensive income/(loss) for the year | | | | | |
| Exchange differences on translation of foreign operations | - | - | 10,378 | - | 10,378 |
| Total comprehensive income | - | (1,939,970) | 10,378 | (24,473) | (1,954,065) |
| Issue of shares on business combination (Note 10) | 15,309,844 | - | - | - | 15,309,844 |
| Issue of shares | 2,056,414 | - | - | - | 2,056,414 |
| Minority interest on business combination | - | - | - | (106,522) | (106,522) |
| Transfer from share-based payment reserve | 52,558 | - | (52,558) | - | - |
| Transfer to share based payments | - | - | 65,308 | - | 65,308 |
| At 30 June 2023 | 17,547,751 | (2,483,750) | 73,129 | (130,995) | 15,006,135 |

| 2022 | Contributed equity | Accumulated losses | Reserves | Non-controlling Interests | Total |
|---|---------------------------|---------------------------|-----------------|----------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| At 30 June 2021 | 100 | (49,758) | - | - | (49,658) |
| Loss for the year | - | (494,022) | - | - | (494,022) |
| Other comprehensive income/(loss) for the year | | | | | |
| Exchange differences on translation of foreign operations | - | - | (2,557) | - | (2,557) |
| Total comprehensive income | - | (494,022) | (2,557) | - | (496,579) |
| Issue of shares | 128,835 | - | - | - | 128,835 |
| Transfer to share based payments | - | - | 52,558 | - | 52,558 |
| At 30 June 2022 | 128,935 | (543,780) | 50,001 | - | (364,844) |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

| | | 2023 | 2022 |
|---|-------|--------------------|------------------|
| | Notes | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts of other income (inclusive of goods and services tax) | | 5,377,880 | 366,008 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (6,584,429) | (872,823) |
| | | (1,206,549) | (506,815) |
| Research and development tax rebate | | 73,991 | - |
| Interest received | | 1,532 | 4 |
| Net cash outflow from operating activities | 20 | (1,131,026) | (506,811) |
| Cash flow from investing activities | | | |
| Payment for plant and equipment | | (58,638) | (60,068) |
| Cash held by subsidiary on acquisition | | 3,620,823 | 86,678 |
| Net cash inflow from investing activities | | 3,562,185 | 26,610 |
| Cash flows from financing activities | | | |
| Proceeds from share issues | | 582,135 | - |
| Loan from shareholder | | 765,034 | 493,243 |
| Net cash inflow from financing activities | | 1,347,169 | 493,243 |
| Net increase in cash and cash equivalents | | 3,778,328 | 13,042 |
| Cash and cash equivalents at the beginning of the financial year | | 65,932 | 61,406 |
| Foreign exchange adjustment to cash balance | | 1,709 | (8,516) |
| Cash and cash equivalents at end of the year | 5 | 3,845,969 | 65,932 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2023

1. BIOXYNE LIMITED AND CONTROLLED ENTITIES - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Bioxyne Limited (the "Group") and its subsidiaries.

(a) Basis of preparation

Reporting Entity

Bioxyne Limited is a company limited by shares, incorporated and domiciled in Australia.

This Preliminary Final Report, including the Appendix 4E, does not include all the Notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by the Group during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except for selected financial assets for which the fair value basis of accounting has been applied.

Business combination

On 19 May 2023, Bioxyne Limited wholly acquired Breathe Life Sciences Pty Limited.

Under the accounting standard applicable to business acquisitions, AASB 3 Business Combinations, the acquisition Breathe Life Sciences Pty Limited ("BLS") is required to be accounted for as a reverse acquisition of BXN by BLS. Under this scenario, BLS is deemed to be the acquirer and BXN is deemed to be the subsidiary. Applying the reverse acquisition method of accounting, following the acquisition, the consolidated financial statements are required to represent the continuation of the financial statements of BLS and its controlled entities.

As a result of the reverse acquisition methodology outlined above, the consolidated financial statements presented represent BLS and its controlled entities from the date of acquisition.

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 2.

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated only.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bioxyne Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Bioxyne 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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.

(d) 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.

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation

(i) *Functional and presentation currency*

The functional and presentation currency of the Group is Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Items included in the financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(f) Revenue recognition

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 to a customer. The consolidated entity recognises revenue when the goods are shipped.

Sale of goods

Revenue from 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.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

Notes to the Financial Statements

For the year ended 30 June 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Research and Development Tax Incentive

Research and Development Tax Incentive claims are recognised as other income in the period to which the incentive claims relate.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associated and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(i) Impairment of assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(j) Cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with 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, and bank overdrafts.

(k) 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 provision for impairment. 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 credit losses.

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Retirement benefit obligations

The Group does not maintain a company superannuation plan. The Group makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Group's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share - based payments

The fair value of performance rights granted under the Employee Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance right.

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value at grant date is independently determined using a Monte Carlo Simulation Methodology and Black-Scholes Option Pricing Methodology that takes into account the exercise price, the term of the right, 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 right.

The fair value of the rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Where the terms of rights are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Upon the vesting of performance rights, the balance of the share based payments reserve relating to those rights is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(p) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Notes to the Financial Statements

For the year ended 30 June 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated on a diminishing-value basis over the estimated useful life of the assets as follows:

- Plant and equipment - ranging from 3 to 7 years
- Software - 3 years
- Leasehold improvements - 5 years or over the life of the lease whichever is the lesser.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(s) 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.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Bioxyne Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted 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 ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) New and revised accounting requirements applicable to the current reporting period.

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.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(i) *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.

(ii) *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 1(u). 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.

Notes to the Financial Statements

For the year ended 30 June 2023

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) *Research and development expenditure*

The Group has expensed research and development expenditure incurred during the year, where applicable, as the costs relate to the initial expenditure for research and development of biopharmaceutical products where generation of future economic benefits are not considered certain. It was considered appropriate to expense these research and development costs as they did not meet the criteria to be capitalised under AASB 138 Intangible assets.

(iv) *Consideration received for divestment and subsequent measurement of Mariposa investment*

On the 17th June 2015, the shares held in Mariposa Health Limited ('MHL') were exchanged for 213,138 shares in Mariposa Health Inc ('MHI'), a USA Delaware Corporation so that MHL became a subsidiary of MHI. This investment was carried at a cost of \$325,000 and was impaired at 30 June 2017.

In addition to the above, part of the total consideration paid to BXN for the disposal of HIPL included a deferred consideration of \$1million, payable on achievement of agreed milestones over the next 5 years from 24 February 2014. This has not been recognised in the financial statements. The deferred consideration will be recognised as and when it is received.

The deferred consideration also includes an obligation to pay royalties, which is agreed to be 6.5% of the gross revenue received by the company, MHL or related entities in respect to the sale of the sublicensing or Intellectual property rights, including any sale proceeds or Sub-Royalties. To the extent that products are manufactured based on the intellectual property, royalties are calculated as 2% of Gross revenue.

(v) *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortization 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 amortization 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.

(vi) *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. Management have elected not to raise any deferred tax assets on estimated tax losses until there is more certainty around the company's ability to generate sustainable taxable profits to as to enable to company to utilise the tax losses.

Notes to the Financial Statements

For the year ended 30 June 2023

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| 3 REVENUE FROM CONTINUING OPERATIONS | | |
| Revenue from continuing operations | | |
| <i>Revenue from contracts with customers and disaggregation</i> | | |
| Sales of PCC® to USA | 42,555 | - |
| Wholesale sales nutritional supplements to Asia | 2,667 | - |
| | 45,222 | - |
| <i>Sale of goods</i> | | |
| Plant based product wholesale sales, United Kingdom, Europe and Japan | 5,115,316 | 463,636 |

Timing of revenue recognition

All goods are transferred at a point in time, with revenue being recognised on when goods are shipped.

Geographic regions

See note 22.

| | | |
|-------------------------------------|----------------|--------------|
| 4 OTHER INCOME | 2023 \$ | 2022 \$ |
| Research and development tax offset | 73,991 | - |
| Interest received | 2,572 | - |
| Income from royalties | 70,392 | - |
| Foreign exchange gain | 37,066 | 4,729 |
| | 184,021 | 4,729 |

| | | |
|-----------------------------------|------------------|---------------|
| 5 CASH AT BANK AND IN HAND | 2023 \$ | 2022 \$ |
| | 3,845,969 | 65,932 |
| | 3,845,969 | 65,932 |

| | | |
|--|------------|------------|
| 6 TRADE RECEIVABLES | 2023 \$ | 2022 \$ |
| Trade receivables | 902,239 | 230,985 |
| Less: Allowance for expected credit losses | (75,762) | - |
| | 826,477 | 230,985 |

| | Expected credit loss rate | | Carrying Amount | |
|----------------------|---------------------------|---|-----------------|------|
| | 2023 | % | 2023 | 2022 |
| | | | \$ | \$ |
| Not overdue | - | - | - | - |
| 0 - 3 months overdue | 35% | - | 75,762 | - |
| | | | 75,762 | - |

The trade receivables are largely receivable from the Group's major customer, with which it has been dealing with for many years with no credit losses.

Notes to the Financial Statements

For the year ended 30 June 2023

7 CURRENT ASSETS - CURRENT TAX RECEIVABLES

| | 2023 \$ | 2022 \$ |
|-----------------|----------------|---------------|
| Withholding tax | 652 | 3,043 |
| GST receivable | 109,209 | 19,405 |
| | 109,861 | 22,448 |

8 CURRENT ASSETS - OTHER CURRENT ASSETS

| | 2023 \$ | 2022 \$ |
|--------------------|----------------|---------------|
| Other debtors | 11,670 | - |
| Royalty receivable | 59,824 | - |
| Prepayments | 191,482 | 12,372 |
| | 262,976 | 12,372 |

9 CURRENT ASSETS - INVENTORIES

| | 2023 \$ | 2022 \$ |
|----------------|----------------|---------------|
| Raw materials | 712,818 | 75,551 |
| Finished goods | 281,988 | - |
| | 994,806 | 75,551 |

Notes to the Financial Statements

For the year ended 30 June 2023

10 BUSINESS COMBINATIONS

| | Country of Incorporation | Percentage Owned |
|---|--------------------------|------------------|
| Bioxyne Limited (legal parent, accounting subsidiary) | Australia | 100% |

On 19 May 2023 Bioxyne Limited acquired wholly owned Breathe Life Sciences Pty Limited. As noted in note 1(a), the acquisition was treated as a reverse acquisition as per AASB 3 Business Combinations

Consideration transferred

| | 2023 \$ |
|----------------------|-------------------|
| Share capital issued | 15,309,844 |
| | 15,309,844 |

The consideration in a reverse acquisition is deemed to have been incurred by Breathe Life Sciences Pty Limited in the form of shares issued to shareholders of Bioxyne Limited. The acquisition date fair value of the consideration transferred has been determined by reference to the fair value of the issued shares of Bioxyne Limited immediately prior to the business combination.

Goodwill on consideration

| | |
|---|-------------------|
| Purchase consideration (non-cash equity payment) | 15,309,844 |
| Net assets acquired in Bioxyne Limited at the date of acquisition | (3,741,834) |
| Goodwill | 11,568,010 |

Assets and liabilities assumed as at date of acquisition

| | |
|---------------------|------------------|
| Current assets | 4,206,122 |
| Non-current assets | 462,257 |
| Total assets | 4,668,379 |
| Current liabilities | 926,545 |
| Total liabilities | 926,545 |
| Net assets acquired | 3,741,834 |

Net cash flow on acquisition of subsidiaries

| | |
|--|--------------------|
| Consideration paid in cash | - |
| Less: cash and cash equivalent balances acquired | (3,620,823) |
| | (3,620,823) |

Included in the loss for the year is \$325,593 attributable to the additional activities of Bioxyne Limited. Revenue for the year includes \$45,222 in respect of Bioxyne Limited.

Had the business combination been effected at 1 July 2022, the revenue of the Group from continuing operations would have been \$7,721,086 and the loss for the year from continuing operations would have been \$2,249,166. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Notes to the Financial Statements

For the year ended 30 June 2023

11 PLANT AND EQUIPMENT

| Cost | Plant and equipment | Leasehold improvements | Total |
|--|---------------------|------------------------|-----------|
| Opening balance, 1 July 2022 | 78,641 | - | 78,641 |
| Additions | 71,658 | - | 71,658 |
| Acquired in business combination | 38,470 | 23,787 | 62,257 |
| Disposals | - | - | - |
| Foreign exchange adjustment | (2,828) | 237 | (2,591) |
| Closing balance, 30 June 2023 | 185,941 | 24,024 | 209,965 |
| Opening balance, 1 July 2021 | 4,900 | - | 4,900 |
| Additions | 73,741 | - | 73,741 |
| Disposals | - | - | - |
| Foreign exchange adjustment | - | - | - |
| Closing balance, 30 June 2022 | 78,641 | - | 78,641 |
| Depreciation | | | |
| Opening balance, 1 July 2022 | (35,623) | - | (35,623) |
| Depreciation | (85,122) | (1,469) | (86,591) |
| Disposals | - | - | - |
| Foreign exchange adjustment | (2,727) | - | (2,727) |
| Closing balance, 30 June 2023 | (123,472) | (1,469) | (124,941) |
| Opening balance, 1 July 2021 | | | |
| Depreciation | (4,900) | - | (4,900) |
| Disposals | (30,723) | - | (30,723) |
| Foreign exchange adjustment | - | - | - |
| Closing balance, 30 June 2022 | (35,623) | - | (35,623) |
| Written down value 30 June 2022 | 43,018 | - | 43,018 |
| Written down value 30 June 2023 | 62,470 | 22,555 | 85,024 |

Notes to the Financial Statements

For the year ended 30 June 2023

12 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

| | 2023 \$ | 2022 \$ |
|----------------------|------------------|----------------|
| Trade creditors | 1,205,254 | 204,225 |
| Accrued Expenses | 612,198 | 113,261 |
| Contract liabilities | 558,610 | 397,395 |
| GST/VAT payable | 77,179 | - |
| Other payables | 168,646 | 100,269 |
| | 2,621,887 | 815,150 |

13 CURRENT LIABILITIES - PROVISIONS

| | 2023 \$ | 2022 \$ |
|---|---------------|------------|
| Provision for annual leave, opening balance | - | - |
| Provided during the year | 42,588 | - |
| Annual leave used | - | - |
| On acquisition of subsidiary | 22,513 | - |
| Provision for annual leave, closing balance | 65,101 | - |

Notes to the Financial Statements

For the year ended 30 June 2023

14 CONTRIBUTED EQUITY

(a) Share capital

| | 2023 Shares | 2023 \$ | 2022 Shares | 2022 \$ |
|----------------------------|----------------|------------|----------------|------------|
| Ordinary Shares Fully Paid | 1,901,645,398 | 17,547,751 | 129,351,020 | 128,935 |

(b) Movements in ordinary share capital

| | Number of Shares | \$ |
|--|---------------------|------------|
| Opening balance 1 July 2021 | 100,000,000 | 100 |
| Shares issued on acquisition of Dr Watson Japan | 12,551,020 | 55,224 |
| Shares issued to Breathe International Limited for transfer of Intellectual property | 10,000,000 | 42,000 |
| Shares issued on exercise of rights by vendors of APO Group | 6,300,000 | 29,610 |
| Shares issued for services rendered | 500,000 | 2,001 |
| Closing balance 30 June 2022 | 129,351,020 | 128,935 |
| Opening balance 1 July 2022 | 129,351,020 | 128,935 |
| Shares issued on exercise of rights by vendors of APO Group | 14,700,000 | 52,558 |
| Shares issued for cash | 6,246,138 | 582,135 |
| Shares issued to employees for services rendered | 3,675,000 | 345,020 |
| Shares issued on conversion of loan | 16,203,682 | 693,159 |
| Shares issued to consultants for services rendered | 15,500,000 | 286,100 |
| Reversal of existing BLS shares | (185,675,840) | - |
| Existing BXN shares in issue | 665,645,398 | - |
| Issue of BXN shares on acquisition of BLS | 1,230,000,000 | 15,309,844 |
| Issue of shares in lieu of salary | 6,000,000 | 150,000 |
| Closing balance 30 June 2023 | 1,901,645,398 | 17,547,751 |

(c) Ordinary shares

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(d) Options

As at the date of the financial statements, there were no options over unissued ordinary shares on issue.

Notes to the Financial Statements

For the year ended 30 June 2023

14 CONTRIBUTED EQUITY (CONTINUED)

(e) Performance rights

Shareholders at the General Meeting on 5 May 2023 approved the issue of 26,666,667 performance rights to Mr Samuel Watson (20,000,000 performance rights) and Mr Jason Hine (6,666,667 performance rights). See note 25.

(f) Capital risk management

The consolidated entity's objectives when managing capital are 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 or issue new shares.

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 capital management policy remains unchanged from the 30 June 2022 Annual Report.

15 RESERVES

(a) Reserves

| | 2023 \$ | 2022 \$ |
|--|---------------|----------------|
| Foreign currency translation reserve | | |
| Balance 1 July | (2,557) | - |
| Movement in foreign currency translation reserve | 10,378 | (2,557) |
| Balance 30 June | 7,821 | (2,557) |
| Share based payment reserve | | |
| Balance 1 July | 52,558 | - |
| Transfer from share based payment reserve | (52,558) | - |
| Transfer to share based payment reserve | 65,308 | 52,558 |
| Balance 30 June | 65,308 | 52,558 |
| Total reserves | 73,129 | 50,001 |

16. NON-CONTROLLING INTEREST

| | 2023 \$ | 2022 \$ |
|------------------|------------------|------------|
| Issued capital | - | - |
| Retained profits | (130,995) | - |
| | (130,995) | - |

The non-controlling interest has a 51% interest in the direct selling business

Notes to the Financial Statements

For the year ended 30 June 2023

17 INTERESTS IN OTHER ENTITIES

| Name of Entity | Country of Incorporation | Ownership Interest 2023 % | Ownership Interest 2022 % | Principal Activities |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|
| Breathe Life Sciences Pty Ltd | Australia | 100% | 100% | Intermediate holding company |
| BLS Wholesalers Pty Ltd | Australia | 100% | 100% | Wholesaler |
| BLS Panther Pty Ltd | Australia | 100% | - | Telemedicine |
| Breathe Life Science UK Ltd | United Kingdom | 100% | 100% | Manufacturing and sales |
| Always Pure Organics AG | Switzerland | 100% | 100% | Wholesaler |
| Always Pure Organics EU | Czech Republic | 100% | 100% | Wholesaler |
| Always Pure Organics Japan KK | Japan | 100% | 100% | Wholesaler |
| Dr Watson Japan KK | Japan | 100% | 100% | Manufacturing & distribution |
| Mirai Solution Co KK | Japan | 100% | - | Manufacturing & distribution |
| Global Treasure New Zealand Limited | New Zealand | 51 | 100 | Product development |
| New Zealand Nutritional Research Institute Limited | New Zealand | 51 | 100 | Product research and development |
| Bioxyne International Malaysia Sdn Bhd | Malaysia | 51 | 100 | Sales |
| Bioxyne International Pty Ltd | Australia | 51 | 100 | Intermediate holding company |
| P.T. Gamata Utama | Indonesia | 51 | 95 | Sales |
| Bioxyne International (NZ) Limited | New Zealand | 51 | 100 | Sales |

18 REMUNERATION OF AUDITORS

Audit services

| | 2023 \$ | 2022 \$ |
|---|----------------|---------|
| Audit of financial reports – RSM Australia Partners | 100,000 | - |
| Total remuneration for audit services | 100,000 | - |

19 COMMITMENTS

Capital commitments

As at 30 June 2023, the Group has no capital commitments (2022: \$nil).

Notes to the Financial Statements

For the year ended 30 June 2023

20 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | 2023 \$ | 2022 \$ |
|---|--------------------|------------------|
| Loss for the year | (1,964,443) | (494,022) |
| Depreciation | 109,643 | 30,723 |
| Doubtful debt write-off | - | 9,171 |
| Impairment of intangibles | 87,162 | 44,309 |
| Unrealised foreign exchange gain | (2,820) | (4,725) |
| Share based payment | 351,408 | 99,906 |
| Other non-cash items | (59,247) | (61,657) |
| <i>Change in operating assets and liabilities</i> | | |
| Increase in trade and other receivables | (501,135) | (265,583) |
| Increase in inventory | (766,328) | (75,551) |
| Increase in trade and other payables | 1,614,734 | 210,618 |
| Net cash outflow from operating activities | (1,131,026) | (506,811) |

21 SEGMENT INFORMATION

Bioxyne Limited (ASX:BXN) is an Australian health and wellness products company (incorporated in 2000). In May 2023 the Company acquired Breathe Life Sciences Pty Limited (BLS).

The Group is now organized into three operating segments based on differences in products provided and method of delivery to market.

The operating segments are based on the internal reports that are reviewed and used by Management (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. The CODM is Samuel Watson and NH Chua who are joint Chief Executive Officers. The operating segments are as follows:

1. Bioxyne's wholesale probiotic business, through its proprietary probiotic, *Lactobacillus fermentum* VRI-003 (PCC), 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 multilevel marketing company.
2. BLS manufactures, commercializes and distributes plant-based wellness products and supplements, including CBD, cannabis extracts, vitamins, manuka honey, skin care products and mushroom complexes. BLS operates in Australia, the UK, Japan, and Europe with 4 accredited manufacturing facilities across 4 countries (Japan, Australia, UK, and Czechia).
3. Bioxyne International is the Group's direct sales arm and has developed a range of functional food products containing ingredients sourced exclusively from New Zealand, and sold in Asia.

Management have determined that it is appropriate to report by sales channel which correspondence with geographical areas as follows:

1. PCC Wholesale - contract manufactured in Denmark and sold to NuSkin in USA.
2. BLS - plant-based wellness products sold in UK, Europe and Japan.
3. Functional food products contract manufactured in New Zealand and direct sales in Asia.

Notes to the Financial Statements

For the year ended 30 June 2023

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2023 and 30 June 2022.

2023

| | Wholesale PCC/USA | Plant Based/UK/ EU/JPN | Direct Sales/ASIA | Unallocated | Total |
|--------------------------|----------------------|------------------------------|----------------------|-------------|-------------|
| Sales | 42,555 | 5,115,316 | 2,667 | - | 5,160,538 |
| Cost of sales | (19,219) | (3,242,113) | (838) | - | (3,262,170) |
| Gross margin | 23,336 | 1,873,203 | 1,829 | - | 1,898,368 |
| Other income | - | - | - | 146,955 | 146,955 |
| Overhead expenses | - | (3,616,724) | - | (393,043) | (4,009,767) |
| Profit/(loss) before tax | 23,336 | (1,743,521) | 1,829 | (246,088) | (1,964,443) |
| Taxation | - | - | - | - | - |
| Profit/(loss) after tax | 23,336 | (1,743,521) | 1,829 | (246,088) | (1,964,443) |
| Total assets | 238,036 | 2,119,587 | 1,151,740 | 14,183,760 | 17,693,123 |
| Total liabilities | 274,270 | 1,724,556 | 71,212 | 616,950 | 2,686,988 |
| Cash Balance | - | 492,181 | 898,697 | 2,455,091 | 3,845,969 |
| Trade receivables | 238,036 | 588,441 | - | - | 826,477 |
| Trade and other payables | 274,270 | 1,693,758 | 43,993 | 609,866 | 2,621,887 |
| Inventories | - | 842,202 | 152,604 | - | 994,806 |

2022

| | Wholesale PCC/USA | Plant Based/UK/ EU/JPN | Direct Sales/ASIA | Unallocated | Total |
|--------------------------|----------------------|------------------------------|----------------------|-------------|-----------|
| Sales | - | 463,636 | - | - | 463,636 |
| Cost of sales | - | (328,707) | - | - | (328,707) |
| Gross margin | - | 134,929 | - | - | 134,929 |
| Other income | - | - | - | 4,729 | 4,729 |
| Overhead expenses | - | (360,218) | - | (92,801) | (453,019) |
| Research and development | - | - | - | (180,661) | (180,661) |
| Profit/(loss) before tax | - | (225,289) | - | (268,733) | (494,022) |
| Taxation | - | - | - | - | - |
| Profit/(loss) after tax | - | (225,289) | - | (268,733) | (494,022) |
| Total assets | - | 264,803 | - | 185,503 | 450,306 |
| Total liabilities | - | 629,911 | - | 185,239 | 815,150 |
| Cash Balance | - | 65,648 | - | 284 | 65,932 |
| Trade receivables | - | 230,985 | - | - | 230,985 |
| Trade and other payables | - | 629,911 | - | 185,239 | 815,150 |
| Inventories | - | 75,551 | - | - | 75,551 |

Notes to the Financial Statements

For the year ended 30 June 2023

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources.

Segment revenues and results

Segment revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are consistent with the Group's accounting policies described in Note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

22 FINANCIAL RISK MANAGEMENT

(a) Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

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

The Group does not speculate in financial assets.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is mitigated by having a broad base of customers..

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised third parties, there is no requirement for collateral security.

The maximum exposure to credit risk at balance date is as follows:

| | 2023 \$ | 2022 \$ |
|------------------------------------|------------------|----------------|
| Cash and cash equivalents (Note 5) | 3,845,969 | 65,932 |
| Trade receivables (Note 6) | 826,477 | 230,985 |
| | <u>4,672,446</u> | <u>296,917</u> |

Liquidity risk

The Company's policy is to maintain a comfortable level of liquidity through the continual monitoring of cash reserves and the raising of additional capital as required.

Notes to the Financial Statements

For the year ended 30 June 2023

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

| Consolidated Group | Within 1 year | | 1 to 5 years | | Over 5 years | | Total | |
|--|------------------|------------------|--------------|------------|--------------|------------|------------------|------------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| <i>Financial liabilities - due for payment:</i> | | | | | | | | |
| Trade and other payables | 2,621,887 | 815,150 | - | - | - | - | 2,621,887 | 815,150 |
| Total contractual outflows | 2,621,887 | 815,150 | - | - | - | - | 2,621,887 | 815,150 |
| Cash and cash equivalents | 3,845,969 | 65,932 | - | - | - | - | 3,845,969 | 65,932 |
| Trade receivables | 826,477 | 230,985 | - | - | - | - | 826,477 | 230,985 |
| Total anticipated inflows | 4,672,446 | 296,917 | - | - | - | - | 4,672,446 | 296,917 |
| Net inflow/(outflow) on financial instruments | 2,050,559 | (518,233) | - | - | - | - | 2,050,559 | (518,233) |

(c) Net fair values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and notes to the financial statements.

(d) 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 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.

Notes to the Financial Statements

For the year ended 30 June 2023

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Sensitivity analysis

The Company has performed a sensitivity analysis relating to its exposure to foreign currency risk at balance date. The effect on profit and equity as a result changes in the value of the Australian Dollar to a range of currencies in which it holds funds including US Dollar, New Zealand Dollar, Euro, Pound Sterling, Japanese Yen, Indonesia Rupeah and Malaysian Ringgit, is as follows:

Consolidated

2023

Financial Assets

Cash and cash equivalents

2022

Financial Assets

Cash and cash equivalents

| Carrying Amount \$ | Interest Rate Risk | | Interest Rate Risk | |
|-----------------------|--------------------|--------------|--------------------|--------------|
| | -1% | | +1% | |
| | Profit \$ | Equity \$ | Profit \$ | Equity \$ |
| 3,845,969 | (38,460) | (38,460) | 38,460 | 38,460 |
| 65,932 | (659) | (659) | 659 | 659 |

Consolidated A\$ 5% stronger / (weaker)

2023

Financial Assets

Cash in US \$
Cash in £ Sterling
Cash in JPY
Cash in Euro
Cash in IDR
Cash in MYR
Cash in NZ\$

| Carrying amount in original currency \$ | Currency Risk | | Currency Risk | |
|--|---------------|---------------|---------------|---------------|
| | +5% | | -5% | |
| | Profit A\$ | Equity A\$ | Profit A\$ | Equity A\$ |
| 533,226 | (38,298) | (38,298) | 38,298 | 38,298 |
| 55,382 | (5,023) | (5,023) | 5,023 | 5,023 |
| 9,434,758 | (4,684) | (4,684) | 4,684 | 4,684 |
| 170,022 | (13,275) | (13,275) | 13,275 | 13,275 |
| 2,680,795,157 | (12,843) | (12,843) | 12,843 | 12,843 |
| 137,058 | (2,104) | (2,104) | 2,104 | 2,104 |
| 636,787 | (27,863) | (27,863) | 27,863 | 27,863 |
| | (104,090) | (104,090) | 104,090 | 104,090 |

2022

Financial Assets

Cash in Euro
Cash in JPY
Cash in CHF

| | | | | |
|-----------|---------|---------|-------|-------|
| 18,777 | (1,357) | (1,357) | 1,357 | 1,357 |
| 5,298,265 | (2,685) | (2,685) | 2,685 | 2,685 |
| (12,752) | 924 | 924 | (924) | (924) |
| | (3,118) | (3,118) | 3,118 | 3,118 |

Notes to the Financial Statements

For the year ended 30 June 2023

23 EARNINGS PER SHARE

| | 2023 Cents | 2022 Cents |
|---|--------------------|------------------|
| Basic loss per share (cents per share) | | |
| Diluted loss per share (cents per share) | 0.15 | 0.067 |
| | 0.15 | 0.067 |
| Weighted average number of shares¹ | | |
| Basic earnings per share calculation | 1,344,132,135 | 732,432,114 |
| Diluted earnings per share calculation | 1,344,132,135 | 732,432,114 |
| Loss for the period used in earnings per share | (1,964,443) | (494,022) |
| From continuing operations | | |

¹the number of ordinary shares outstanding from the beginning of the year to the acquisition date is computed on the basis of the weighted average number of ordinary shares of the accounting acquirer (BLS) outstanding during the period multiplied by the exchange ratio established in the merger agreement; and (b) the number of ordinary shares outstanding from the acquisition date to the end of that period shall be the actual number of ordinary shares of (the accounting acquiree (BXN) outstanding during that period.

The basic earnings per share for the comparative period before the acquisition date presented in the consolidated financial statements following a reverse acquisition is calculated by dividing: (a) the profit or loss of the legal acquiree (BLS) attributable to ordinary shareholders in each of those periods by (b) the legal acquiree's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

24 SHARE BASED PAYMENTS

Options

No share options were issued during the year and no options were outstanding at year end.

Performance rights

The Company issued 26,666,667 performance rights during the year to two directors of the Company. The Company recorded an expense for the year in respect of these performance rights in the amount of \$65,308 (2022: Nil). The total value of rights as at grant date amounts to \$428,000, and \$313,857 after taking into account the probability of achievement on the non-market based vesting conditions. This amount will be amortised in accordance with the vesting conditions and term outlined below.

The fair value at grant date has been independently determined by 22Corporate Advisory using a Monte Carlo Simulation Methodology and Black-Scholes Option Pricing Methodology that takes into account the exercise price, the term of the right, 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 right. These inputs are as follows:

Notes to the Financial Statements

For the year ended 30 June 2023

| | Tranche 1 2023 STIs | Tranche 2 2023 LTIs | Tranche 3 2024 LTIs | Tranche 4 2025 LTIs |
|---------------------------------------|---|--|------------------------|------------------------|
| i. Underlying share price | \$0.026 | \$0.026 | \$0.026 | \$0.026 |
| ii. Exercise price | \$nil | \$nil | \$nil | \$nil |
| iii. Term | 0.80 yrs | 0.80 yrs | 2.80 yrs | 2.80 yrs |
| iv. Risk-free rate | 3.519% | 3.519% | 3.203% | 3.203% |
| v. Dividend yield | Nil | Nil | Nil | Nil |
| vi. Volatility (rounded) | 90.0% | 90.0% | 90.0% | 90.0% |
| vii. Performance Period | 1/1/23 to 31/12/23 | 1/1/23 to 31/12/23 | 1/1/24 to 31/12/25 | 1/1/24 to 31/12/25 |
| viii. VWAP Milestones (30day VWAP) | (1) \$0.03 (7.5% vesting) (2) \$0.04 (10.0% vesting) (3) \$0.05 (12.5% vesting) | (1) \$0.03 (15.0% vesting) (2) \$0.04 (20.0% vesting) (3) \$0.05 (25.0% vesting) | | |

The performance rights have been allocated as follows:

| | Samuel Watson | Jason Hine |
|-----------------------------|---------------|------------|
| 2023 STI Performance Rights | 5,000,000 | 1,666,667 |
| 2023 LTI Performance Rights | 5,000,000 | 1,666,667 |
| 2024 LTI Performance Rights | 5,000,000 | 1,666,667 |
| 2025 LTI Performance Rights | 5,000,000 | 1,666,667 |

The 2023 to 2025 LTI Performance Rights are subject to the following share price and revenue milestones/vesting conditions.

| % | Share Price Milestones - the 2023 - 2025 LTI Performance Rights will vest upon: |
|-----|--|
| 15% | The 30 day VWAP (prior to the end of the Performance Period) of the Company's share price being equal or greater than 3 cents |
| 20% | The 30 day VWAP (prior to the end of the Performance Period) of the Company's share price being equal to or greater than 4 cents |
| 25% | The 30 day VWAP (prior to the end of the Performance Period) of the Company's share price being equal to or greater than 5 cents |

Note: The share price milestones are cumulative. If the Share price achieves a second, third or fourth hurdle before there is time for vesting of the Rights for a previous hurdle, then all the Rights due at that hurdle will be vested

| | |
|---------|---|
| Either: | Sales for the years 2023 to 2025 achieve the following: |
| 10% | CY 2023: A\$10 million |
| 15% | CY 2024: A\$15 million |
| 15% | CY 2025: A\$20 million |

The STI hurdles for CY2023 will be the rights granted with 30% applying to the share price hurdles, and 70% applying to the revenue hurdle for 2023 on a pro rata basis.

Notes to the Financial Statements

For the year ended 30 June 2023

25 EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- a) The Company's operations in future financial years; or
- b) The results of those operations in future financial years; or
- c) The Company's state of affairs in future financial years.

26 COMPANY DETAILS

Corporate Head Office and Principal Place of Business

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000

Bioxyne Limited
Notes to the Financial Statements

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