

BIOME AUSTRALIA

BIOME AUSTRALIA LIMITED:
ACN 627 364 014

Prospectus

Initial Public Offer

Prospectus for the issue of 40,000,000 fully paid ordinary shares in Biome Australia Limited at an Offer Price of $0.20 per ordinary share to raise $8 million.

LEAD MANAGER:
Canaccord Genuity (Australia) Limited ACN 075 071 466.

Canaccord Genuity

IMPORTANT INFORMATION
This Prospectus is an important document that should be read in its entirety before making an investment decision. You should seek professional advice if you have any questions about the New Shares being offered under this Prospectus, or any matter relating to an investment in the Company.

An investment in the New Shares offered by this Prospectus is considered to be speculative.

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Important Information

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Offer

This Prospectus is issued by Biome Australia Limited ACN 627 364 014 (**Biome Australia** or the **Company**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**).

The Offer contained in this Prospectus is an invitation to apply for 40,000,000 new fully paid ordinary shares (**New Shares**) in the Company (**Offer**) as part of the initial public offering of Biome Australia on the Australian Securities Exchange operated by ASX Limited (**ASX**).

No New Shares will be issued under the Offer unless $8 million has been raised.

Lodgement and listing

This Prospectus is dated 19 October 2021 (**Prospectus**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Prospectus Date**).

Biome Australia will apply to the ASX within seven days of the Prospectus Date for admission of the Company to the Official List and Quotation of its Shares on the ASX.

Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company, the Share Registry and the Lead Manager disclaims all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their Holding Statements.

Expiry date

No New Shares will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Exposure Period

The Corporations Act prohibits the Company from processing Applications to subscribe for New Shares under this Prospectus (**Applications**) in the seven-day period after the Prospectus Date (the **Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Applications may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety and seek professional advice where necessary before deciding whether to apply for New Shares in the Company.

In particular, you should consider the risk factors that could affect the performance of Biome Australia. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional advice from your stockbroker, solicitor, accountant, tax advisor or other independent and qualified professional advisor before deciding whether to invest in New Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus. This Prospectus includes information regarding past performance of Biome Australia. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Lead Manager or any other person in connection with the Offer. You should only rely on information contained in this Prospectus.

Disclosing entity

Once admitted to the Official List, the Company will be a disclosing entity for the purposes of the Corporations Act and as such will be subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Refer to Section 13.13 for further information.

Financial information presentation

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4. Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information. The basis of preparation of that information is set out in Section 4.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest $1,000 unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 4.

Independent Limited Assurance Report on Financial Information and financial services guide

The provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent limited review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide are provided in Section 8 of this Prospectus.

Forward looking statements

This Prospectus may contain forward looking statements, which may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects' or 'intends' and other similar words that connote risks and uncertainties. Certain statements, beliefs, and opinions contained in this Prospectus, in particular those regarding the possible or assumed future financial or other performance, industry growth or other trend projections are only predictions and subject to inherent risks and uncertainties.

Except as required by law, and only to the extent so required, neither the Company, its Directors nor any other person gives any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements.

Any forward-looking statements are subject to various risk factors, many of which are beyond the control of the Company and its Directors that could cause Biome Australia's actual results to differ materially from the results expressed or anticipated in these statements.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus date, are expected to take place.

Forward looking statements should be read in conjunction with the risk factors set out in Section 5 and other information in this Prospectus.

The Company has no intention to update or revise forward-looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the industry overview in Section 2, uses market data and third-party estimates and projections. There is no assurance that any of the third-party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the key risk factors set out in Section 5.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to subscribe for New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus. For further information see Section 7.21 of this Prospectus entitled "Foreign selling restrictions."

No action has been taken to register or qualify this Prospectus, the New Shares or the Offer or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia. In particular, the New Shares have not been, and will

not be, registered under the US Securities Act of 1933, or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. This Prospectus may not be distributed in the United States or Canada unless it is attached to, or constitutes part of, an offering circular for distribution to institutional and professional investors in accordance with the laws of those jurisdictions.

Applications

Applications may be made only during the Offer Period on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from https://biomeaustralia.automic.com.au/.

By making an application, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

Electronic prospectus

The Company proposes to make this Prospectus available on its offer website at https://biomeaustralia.automic.com.au/

The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in other jurisdictions (including the United States or US Persons). Persons who access the Prospectus in electronic form should ensure that they download and read the entire Prospectus.

Persons having received a copy of this Prospectus in its electronic form may, before the Closing Date of the Offer, obtain a hard copy of this Prospectus free of charge by contacting the Biome Australia Offer Information Line on 1300 288 664 (within Australia) +61 2 9698 5414 (from outside Australia) between 8:30am and 5:00pm Melbourne time, Monday to Friday (except public holidays). Applications for New Shares may only be made on an Application Form attached to, or accompanying, this Prospectus, or in its paper copy form which must be downloaded in its entirety from https://biomeaustralia.automic.com.au/.

The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus, which should form the basis of your investment decision.

No cooling off rights

Cooling-off rights do not apply to an investment in New Shares issued under a Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

Speculative investment

An investment in the New Shares offered under this Prospectus should be considered speculative. Refer to Section 5 for details of the key risks applicable to an investment in Biome Australia. Persons wishing to apply for New Shares offered under this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of Biome Australia and the rights and liabilities attaching to the New Shares offered pursuant to this Prospectus.

This Prospectus does not take into account the investment objectives, financial, taxation or particular needs of any Applicant. Before making an investment in Biome Australia, each Applicant should consider whether such an investment is appropriate to their particular needs and consider their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons who are considering applying for New Shares offered pursuant to this Prospectus have any questions, they should consult their accountant, stockbroker, lawyer, or other professional advisor.

There is no guarantee that the New Shares offered under this Prospectus will make a return on capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Privacy

By filling out and submitting an Application Form to apply for New Shares, you are providing personal information to Biome Australia through Biome Australia's service provider, the Share Registry. Biome Australia, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, Biome Australia and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by Biome Australia which it considers may be of interest to you.

Your personal information may also be provided to Biome Australia's agents and service providers on the basis that they deal with such information in accordance with Biome Australia's privacy policy and as authorised under the Privacy Act 1988 (Cth). Biome Australia's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing Biome Australia's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering, and advising on, the New Shares for associated actions.

You may request access to your personal information held by (or on behalf of) Biome Australia. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information by writing to or by telephoning the Share Registry as follows:

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:00pm Melbourne time, Monday to Friday (except public holidays).

If any of your information is not correct or has changed, please contact the Share Registry or Biome Australia to update your information. In accordance with the requirements of the Corporations Act, information on the share register will be accessible to certain members of the public.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Offer management

The Offer is lead managed by Canaccord Genuity (Australia) Limited ACN 075 071 466.

Currency

Unless otherwise specified, monetary amounts are expressed in Australian dollars. The Financial Information shown in this Prospectus is presented in Australian dollars.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference into this Prospectus.

Defined terms and time

Some of the terms and abbreviations used in this Prospectus have defined meanings. These are capitalised and are defined in Section 16 of this Prospectus. Unless otherwise stated or implied, a reference to a time is a reference to Melbourne time.

Further queries

Call the Biome Australia Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (from outside Australia) between 8:30am and 5:00pm Melbourne time, Monday to Friday (except public holidays) if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer.

All enquiries in relation to the Broker Firm Offer should be directed to your Broker.

If you are unclear in relation to any matter or are uncertain as to whether obtaining New Shares in Biome Australia is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant, tax advisor or other independent and qualified professional advisor before deciding whether or not to invest.

Key Offer Information

Important dates	
Prospectus Date	19 October 2021
Opening Date of Offer	3 November 2021
Closing Date of Offer	17 November 2021
Issue of New Shares (under the Offer)	24 November 2021
Issue of New Shares on automatic conversion of the Performance Rights	24 November 2021
Expected despatch of Holding Statements	25 November 2021
Shares expected to begin trading on ASX (on a normal settlement basis)	30 November 2021

Dates may change

The above dates are subject to change and are indicative only. The Company (in consultation with the Lead Manager) reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications as early as possible after the offer opens. If the Offer is cancelled before the issue of New Shares, then all Application Money will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Key Offer Information	
Securities on issue as at Prospectus Date	**Detail**
Number of Existing Shares on issue at the Prospectus Date[1]	148,733,950
Number of Existing Options on issue at the Prospectus Date[2]	12,998,851
Number of Performance Rights on issue at the Prospectus Date[3]	11,175,907
Securities offered under this Prospectus	
New Shares to be issued under the Offer	40,000,000
Offer Price per New Share	$0.20
Securities on issue at IPO Completion	
Shares[4]	199,909,857
Options[5]	17,261,659
Performance Rights	Nil
Total Shares at IPO Completion (fully diluted)	
Total number of Shares on issue on completion of the Offer and assuming all Options are exercised[6]	217,171,516
Financial metrics	
Gross proceeds of the Offer	$8,000,000
Market capitalisation post Offer at the Offer Price[7]	$39,981,971
Enterprise value[8]	$30,780,971

1. Details of the Shares on issue are set out in Section 13.1.1 and Section 13.1.
2. Details of the Existing Options on issue are set out in Section 13.1.1 and Section 13.3.
3. Details of the Performance Rights on issue are set out in Section 13.1.1 and Section 13.4. These Performance Rights will convert into Shares on IPO Completion.
4. The total number of Shares on issue on completion of the Offer includes 148,733,950 Existing Shares, 40,000,000 Shares offered under this Prospectus and the 11,175,907 Shares on automatic conversion of the Performance Rights.
5. This consists of Existing Options and Lead Manager Options. Details of the Existing Options and Lead Manager Options on issue are set out in Section 13.1.1 and Section 13.3.
6. These Shares consist of Existing Shares on issue at the Prospectus Date, New Shares to be issued under the Offer at IPO Completion, New Shares to be issued on automatic conversion of the Performance Rights at IPO Completion and assuming all Options are exercised.
7. Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.
8. Enterprise value calculated as the sum of market capitalisation of Biome Australia at the Offer Price less the net cash contained in the pro forma balance sheet (see Section 4 for further details).

A number of the Existing Shares, New Shares issued to Performance Rights Holders and Options will be subject to mandatory escrow. Refer to Section 13.8 for detail.

HOW TO INVEST

Applications for New Shares can only be made by completing and lodging an Application Form contained in this Prospectus. Instructions on how to apply are set out in Section 7.11, 7.12 and 7.13, and on the back of the Application Form. Applications must be for at least 10,000 New Shares and in multiples of 2,500 New Shares thereafter.

QUESTIONS

If you have any questions in relation to the Offer, please contact the Offer Information Line on 1300 288 664 (within Australia) +61 2 9698 5414 (from outside Australia) between 8.30am and 5.00pm Melbourne time, Monday to Friday (except public holidays).

All enquiries in relation to the Broker Firm Offer should be directed to your Broker.

If you are unclear in relation to any matter, or are uncertain as to whether Biome Australia is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional advisor before deciding whether to apply for New Shares.

Chairman's Letter

On behalf of the directors of Biome Australia Limited ('**Biome Australia**' or '**Company**'), it gives me great pleasure to offer you this opportunity to invest in the Company.

Biome Australia's objective is to improve human health by making innovative complementary medicines, supported by comprehensive clinical evidence, available to health professionals and consumers. Biome Australia has developed and markets a range of innovative live biotherapeutics (probiotics) and other evidence based complementary medicines, in Australia, New Zealand and the United Kingdom. While Biome Australia has an extensive product portfolio, it has ongoing research and development efforts with the aim of introducing new products to market in immediate, short and long term periods.

One third of Australians use complementary medicines to manage the symptoms of a chronic disease. In Australia, the complementary medicines industry was estimated to be worth $5.69b in FY21, with 7 out of 10 Australians regularly using complementary medicine.[1]

Biome Australia's goal is to become a leading global, clinically backed, complementary medicine company.

Biome Australia has established a market position, with products covering key complementary medicine categories, including live biotherapeutics (probiotics) and nutraceuticals (food-based vitamins and weight management products) and targets a number of key consumer health concerns. The Company has developed a distribution network, selling through more than 1300 pharmacies in Australia, and over 1000 independent health practitioners in Australia, New Zealand and the United Kingdom.

Biome Australia has an experienced management team and a Board of Directors with relevant commercial and industry experience to support the ongoing growth of the business.

Biome Australia is seeking to accelerate its growth through the use of funds obtained from a public offering on the ASX. Under this Prospectus, the Company is inviting investors to subscribe for 40,000,000 Shares at an Offer Price of $0.20 per Share to raise $8 million (before costs and expenses of the Offer). The proceeds from the Offer will be used to accelerate Biome Australia's market expansion and development activities, for administration costs, working capital and to pay for the costs of the Offer.

This Prospectus contains detailed information about the Offer and the financial and operating performance of Biome Australia. It also includes a description of the key risks associated with an investment in Biome Australia. We encourage you to read the Prospectus carefully and in its entirety before making your investment decision. You should seek professional advice as necessary before making an investment decision. In particular, the risks of investing in an early stage company must be considered in full and the key risks for Biome Australia are set out in Section 5. Any investment in Biome Australia should be considered speculative.

We believe this is an exciting Offer for investors and on behalf of the Board, we look forward to welcoming you as a Shareholder.

Yours sincerely,



Ilario Faenza
Chairman

1. Complementary Medicines Australia Industry Audit 2021



1. Investment overview

1. Investment Overview

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for New Shares, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisors.

1.1 Introduction and key features of Biome Australia's business model

Topic	Summary	For more information
Who is the issuer of this Prospectus?	Biome Australia Limited ACN 627 364 014 (**Biome Australia** or **Company**), a company incorporated in Australia is the issuer of this Prospectus.	Section 3.1
What is Biome Australia's business and what industry does it operate in?	Biome Australia is an Australian company that primarily operates in the "complementary medicine" industry. Biome Australia licences, develops and markets innovative, evidence-based, complementary medicines, including nutraceuticals (food-based vitamins and weight management products) and live biotherapeutics (probiotics). Biome Australia markets clinically researched products developed in conjunction with its strategic partners.	Sections 2.1 and 3.1
What is the offer?	Biome Australia is offering to issue 40,000,000 New Shares at $0.20 per New Share to raise gross proceeds of $8 million (before costs and expenses) (the **Offer**). All New Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares. The Offer is comprised of a: ▪ Broker Firm Offer; ▪ Institutional Offer; and ▪ Chairman's List Offer.	Section 7.1
Why is the Offer being conducted?	The Offer is being conducted to provide Biome Australia with: ▪ capital to be applied as detailed in the table in Section 7.4; ▪ a liquid market for its Shares and an opportunity for others to invest in the Shares; and ▪ additional financial flexibility and access to capital markets to pursue growth opportunities.	Section 7.4 Section 7.5

1.2 Key Features of Biome Australia's business model

Topic	Summary	For more information
What is the background to the Company?	Biome Australia was incorporated in 2018 after several years of researching, developing and testing a range of complementary medicines. Since incorporation, Biome Australia has launched ten products under the Activated Probiotic® brand including: ▪ a number of live biotherapeutic products supported by clinical trials on the finished products; and ▪ a number of other live biotherapeutic products with clinical evidence supporting the efficacy of key probiotic strain(s). Since July 2018, Biome Australia has marketed its own range of nutraceutical products (9 products in total as at the Prospectus Date) under the Activated Nutrients® brand. In 2020, Biome Australia launched a sports performance range, Activated X Performance (AXP), which combines both organic nutraceuticals and live biotherapeutics (probiotics).	Sections 3.1.2

Topic	Summary	For more information
What are Biome Australia's Products?	Biome Australia's products are included in a number of key categories within complementary medicines, including live biotherapeutic (probiotics) products and nutraceutical products (vitamins and weight management products), targeting a range of key consumer health concerns. Biome Australia sells complementary medicine products under the following brands: ▪ live biotherapeutic (probiotic) products under the Activated Probiotics® brand; ▪ vegan, food-based nutraceuticals under the Activated Nutrients® brand; and ▪ complementary medicines for elite athletes under the Activated X Performance (AXP) brand.	Section 3.2
How are Biome Australia's Products manufactured and who are the suppliers?	The raw materials for the Activated Probiotics® products and the AXP Recovery Probiotic are supplied by Probiotical S.p.A. (Italy) and Probi AB (Sweden). Biome Australia contracts the manufacture of all of its Activated Probiotics® and the AXP Recovery Probiotic, one of the Activated X Performance products, to SIIT S.r.l (Italy) and Favea Group (Czech Republic) (contracted through Probiotical S.p.A. and Probi AB respectively). All manufacturing facilities are GMP licensed and TGA-compliant. Biome Australia's nutraceutical products (being the Activated Nutrients® and two of the Activated X Performance products) are food-based products that are manufactured by contract toll manufacturers AVS Nutrition (**AVS**) in NSW, Australia. AVS sources all raw materials and delivers finished products to Biome Australia's warehouse in Victoria, Australia.	Section 3.3
Which geographic markets does Biome Australia operate in?	As at the Prospectus Date, Biome Australia operates in Australia, New Zealand and the United Kingdom. It sells: ▪ live biotherapeutic (probiotic) products under the Activated Probiotics® brand in Australia, New Zealand and the United Kingdom; ▪ vegan, food-based nutraceuticals under the Activated Nutrients® brand in Australia; and ▪ complementary medicines for elite athletes under the Activated X Performance (AXP) brand in Australia.	Section 3.2
What are Biome Australia's distribution channels?	Biome Australia distributes the Activated Probiotics®, Activated Nutrients® and Activated X Performance products through its distribution channels, being: ▪ primary channels: community pharmacy, specialist retailers (i.e. independent health practitioners) and online channels; and ▪ secondary channels: health food stores and direct selling.	Section 3.3
How does Biome Australia generate revenue from its business model?	Biome Australia purchases its products as finished goods from its four manufacturing partners and ships them to its storage and fulfilment warehouse in Melbourne. Biome Australia sells the bulk of its products wholesale, with a small component, (less than 10%) sold directly to consumers online and generates margin net of its costs and expenses.	Section 3.4
Who are Biome Australia's competitors?	Biome Australia's brands Activated Probiotics® and Activated Nutrients® are sold in both the health retail and practitioner-only segments of the complementary medicine industry. The health retail sector is currently dominated by well-known brands such as Swisse Wellness (Health & Happiness), Blackmores Group, Lifespace and Ethical Nutrients. The practitioner-only subcategory of complementary medicine has a number of brands that traditionally do not operate in health retail. Some of these include MediHerb, Metagenics, Biomedica and Designs for Health. Reliable industry data is not available at a brand level, as many companies are private.	Section 2.5

Topic	Summary	For more information
What is Biome Australia's commercialisation and growth strategy?	▪ **Immediate term** – focus sales and marketing efforts on improving sell-through in all existing accounts and increase distribution into additional pharmacies within its existing community pharmacy banner groups. ▪ **Short term** – grow United Kingdom sales over the next 2-5 years by increasing the number of distributors in the United Kingdom, increasing marketing spend and recruiting and training additional sales and education staff. ▪ **Long term** – explore and develop distribution opportunities in new markets across Europe, North America and Asia-Pacific.	Section 3.8
What is Biome Australia's corporate structure?	Biome Australia is a company incorporated in Australia. Biome Australia is the parent company of each of: ▪ Biome Australia Trading Pty Ltd, ACN 628 988 625, 100% held by Biome Australia and incorporated in Victoria, Australia on 24 September 2018. This entity was established as the trading company for Biome Australia Limited; and ▪ Biome Australia IP Pty Ltd, ACN 628 988 278, 100% held by Biome Australia and incorporated in Victoria, Australia on 24 September 2018. This entity was established as the intellectual property ownership entity for Biome Australia Limited.	Section 13.1
What agreements are material to Biome Australia's business?	Biome Australia's material contracts as at the Prospectus Date are: ▪ Probiotical Supply Agreement; ▪ Probi Supply Agreement; ▪ Greenleaf Supply Agreement; ▪ AVS Supply Terms; ▪ API Channel Distribution Agreement; ▪ Symbion Channel Distribution Agreement; ▪ TW&CM Terms of Trade Agreement; and ▪ Blooms Terms of Trade.	Sections 9.1 – 9.8
What is Biome Australia's proprietary technology?	Trade Marks for Biome Australia's Activated Nutrients® brand are registered in Australia, USA, China and under the Madrid Protocol. Trade Marks for Biome's Activated Probiotics® brand are registered across Australia and USA. Protection in other jurisdictions is available under the Madrid Protocol and registration is pending for the United Kingdom and China. Refer to the Intellectual Property Report in Section 10 for more detail on the Biome Australia Group trade marks. Regarding the formulations of Activated Probiotics® products, Activated Nutrients® products and Activated X Performance's nutraceutical products: ▪ Biome Australia owns the proprietary formulation of 5 Activated Probiotics® products that use strains licensed from both Probi AB and Probiotical S.p.A. under exclusive product supply agreements with Probiotical S.p.A. ▪ Biome Australia owns the proprietary formulation for eight of the Activated Nutrients® products on the market, with the exception of Slim Down, which was released following an exclusive supply agreement for its patented active ingredient Appethyl® (thylakoids) with Green Leaf Medical AB. ▪ Biome Australia owns the proprietary formulation for both of the Activated X Performance's nutraceutical products on the market (namely, Energy Formula and Power Protein). Proprietary formulations are protected under the terms of the relevant Supply Agreements or respective intellectual property statements. They are not, however, subject to any form or registered intellectual property right, such as patent protection.	Sections 10 and 3.9

Topic	Summary	For more information
What is the regulatory environment in which Biome Australia operates?	Biome Australia's products are regulated in Australia by two regulatory bodies: ▪ Therapeutic Goods Administration (**TGA**); and ▪ Food Standards Australia and New Zealand (**FSANZ**). Activated Probiotics® products are TGA Listed medicines (**AUST-L**) on the Australian Register of Therapeutic Goods (**ARTG**), regulated by the Therapeutic Goods Administration (**TGA**). Activated Nutrients® products are food products and are required to comply with the Australia New Zealand Food Standards Code as regulated by Food Standards Australia and New Zealand (**FSANZ**). Activated X Performance (**AXP**) has one product regulated under the TGA and two products regulated under FSANZ as above. Regulatory oversight is provided in United Kingdom and New Zealand for food supplements by the following regulatory bodies, namely: ▪ Medicines and Healthcare products Regulatory Agency (**MHRA**), Food Standards Agency and Food Standards Scotland in the United Kingdom; and ▪ Medsafe in New Zealand. Refer to Section 11 and 3.7.2 for further details on the regulatory environment.	Section 3.7 and Section 11
What are Biome Australia's key dependencies?	Biome Australia's significant dependencies are: ▪ **Product supply agreements** - Biome Australia has three key product supply agreements, namely, a product supply agreement with Italian company, Probiotical S.p.A, Swedish company, Probi AB, and Swedish company, Green Leaf Medical. ▪ These three supply agreements enable the supply of Biome Australia's existing marquee products to its customers. Without these supply agreements, Biome Australia would need to offer alternative products and/or source ingredients from alternative suppliers. ▪ **Channel distribution agreements** – The Biome Australia Group has channel distribution partners that support the sale of its products to customers in Australia, New Zealand and the United Kingdom. These agreements are maintained by maintaining agreed sales levels. These distribution agreements could be at risk if there was a significant, long term reduction in sales of Biome Australia's products. ▪ **Regulatory** - Biome Australia markets products across a number of regulated categories and markets. Biome Australia minimises the potential risk of compliance issues with its products in Australia by employing external regulatory consultants who review all products and monitor any changes to regulatory requirements through a stringent risk management process.	Section 3.4.3

Topic	Summary	For more information
What is Biome Australia's historical financial performance?	A summary of the three year historical profit and loss of the Biome Australia Group is provided below.	Section 4

$'000	FY2019 Statutory	FY2020 Statutory	FY2021 Statutory	FY2021 Pro-forma
Revenue	386	832	2,318	2,318
Cost of Sales	(165)	(617)	(1,139)	(1,139)
Gross Profit	221	215	1,179	1,179
Gross Margin (excl abnormals)	57%	54%	57%	57%
Other Income	1	336	431	431
Operating Expenses	(2,230)	(3,144)	(6,808)	(5,593)
EBITDA	**(2,008)**	**(2,593)**	**(5,198)**	**(3,983)**
EBITA (Excl. non-cash share based payments)	(1,834)	(2,593)	(2,297)	(2,783)
Depreciation and amortisation expense	-	(538)	(107)	(107)
EBIT	**(2,008)**	**(3,131)**	**(5,305)**	**(4,090)**
Interest revenue/(expense)	(4)	(31)	(76)	(76)
Loss before tax	**(2,012)**	**(3,162)**	**(5,381)**	**(4,166)**
Income tax benefit/(expense)	-	-	-	-
Net loss after tax	**(2,012)**	**(3,162)**	**(5,381)**	**(4,166)**

The financial information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the key risk factors set out in Section 5.

Investors should note that past performance is not a guide to future performance.

What are Biome Australia's key costs in generating its revenues?	Biome Australia's key costs in generating its revenue are: ▪ Cost of goods sold which includes the cost of raw materials, product packaging and finishing, and associated import costs; and ▪ Total operating expenses comprise of: - Employee benefits expenses (including a national sales team); - Operating expenses which include sales and marketing expenses (brand awareness, product training and education); - Corporate and administrative expenses (including IT expenses, finance functions and professional services); - Occupancy expenses for office and warehouse facilities; and - Research and development expenses including clinical trial programs.	Section 4.6.2 and 4.6.4
How does Biome Australia expect to fund its activities?	Biome Australia intends to fund its activities by utilising the money raised under the Offer, existing cash reserves of the Company and from revenue generation. Biome Australia may, in the future, access capital markets through additional equity or debt raisings to support its growth strategy.	Section 7.4

1.3 Summary of key risks

The business, assets and operations of Biome Australia are subject to certain risk factors that have the potential to influence operating and financial performance in the future. These risks can impact on the value of an investment in Biome Australia's New Shares.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseen and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks to which the Company is exposed. Further general risks associated with an investment in Biome Australia are outlined in Section 5.

Topic	Summary	For more information
Early stage risk	Given Biome Australia only recently commenced commercial operations, there are uncertainties surrounding the rate of growth and prospects of Biome Australia. Further, Biome Australia has operated at a loss since inception on 6 July 2018. In the financial years ending 30 June 2019, 30 June 2020 and 30 June 2021, Biome Australia reported net losses on a statutory basis of $2,011,986, $3,162,163 and $5,381,116 respectively. Biome Australia is subject to risks common to early stage companies, including increasing market share and brand recognition, developing its product pipeline, competition risk and satisfying regulatory requirements imposed on Biome Australia and its products. Investors should consider the Company's business and prospectus in light of the risks that it may face as an early-stage business with limited history. An investment in Biome Australia is speculative, and risks associated with investments in early stage companies, such as Biome Australia, are generally considered high. If Biome Australia is not successful in addressing such risks, the Company's business prospects and financial performance may be materially and adversely affected and the Company may never become profitable.	Section 5.2.1
Uncertainty of future revenue and profitability	Future sales of products, including but not limited to those detailed in Section 3.2 and Biome Australia's future profitability are contingent on, amongst other things, Biome Australia's ability to enter into appropriate distribution and partner arrangements, being able to maintain anticipated prices for products being acquired as well as certainty of supply, being able to set favourable prices for products being sold, market demand for products being sold, general economic conditions, the results of further research and clinical trials in relation to microbial genomics. Consequently, Biome Australia cannot provide any guarantee that future sales estimates will be achieved. Even if future sales estimates are achieved, they may not result in Biome Australia being profitable.	Section 5.2.2
Short term nature of supply and distribution agreements and loss of key supply and distribution relationships or inability to enter into such relationships	The Biome Australia Group has a number of supply and distribution arrangements in place. Biome Australia's key supply and distributor partner relationships are documented by way of the agreements detailed in Section 9.1 – 9.8 (inclusive). A number of these arrangements are subject to relatively short terms, expiring as early as January 2022, which gives rise to a risk that the arrangements will not be extended after this period. As at the Prospectus Date, Biome Australia is not aware of any reasons why any of the distribution agreements will not be renewed. The API Channel Distribution expired in 2020, however the parties are continuing to operate pursuant to those terms. As at the Prospectus Date, a new API Channel Distribution Agreement is in the process of being negotiated. The new agreement, once signed, may be on terms different (including on less favourable terms) to that summarised in Section 9.5. As per any agreement, there are reasonable remedy clauses from both parties should either fail to meet their respective obligations. There is no guarantee that the relationships with supply and distributor partners (or indeed any other new partner) will continue or commence or if they do continue, that they will continue to be successful for Biome Australia.	Section 5.2.5
Loss of key management personnel	The successful operation of Biome Australia in part relies on Biome Australia's ability to attract and retain experienced and high performing key management personnel, in particular those with relevant sales, marketing and distribution expertise. The loss of any key members of management or other personnel, or the inability to attract additional skilled individuals to key management roles, may adversely affect Biome Australia's ability to develop and implement its business strategies.	Section 5.2.6

Topic	Summary	For more information
Ownership and protection of intellectual property	The business of Biome Australia depends on its ability to commercially exploit its intellectual property. Biome Australia relies on laws relating to know-how, trade secret, copyright and Trade Marks to assist in protecting its proprietary rights. There is a risk that unauthorised use or copying of the secure documentation (electronic laboratory books), business data or other intellectual property could occur or the reverse engineering of product formulas could occur. There is a risk that Biome Australia may be unable to detect the unauthorised use of its intellectual property rights in all instances. Any breaches of Biome Australia's intellectual property may result in the need to commence legal action, which could be costly and time consuming. A failure or inability to protect Biome Australia's intellectual property rights could have an adverse impact on operating and financial performance.	Section 5.2.8
Failure to realise benefits from product research and development	An important aspect of Biome Australia's business is to continually invest in innovation and product development. Biome Australia may not realise benefits from investments in research and development relating to all of its business divisions for several years, or may not realise benefits at all in some cases. The Company makes assumptions about the expected future benefits generated by investment in research and development and the expected timeframe in which the benefits will be realised. These assumptions are subject to change and involve both known risks and risks that are beyond the Company's control. Any change to the assumptions the Company has made about development of a certain product may have an adverse impact on the Company's ability to realise a benefit from investment in the development of that product.	Section 5.2.11
Market acceptance and competitor risk	Market acceptance depends on numerous factors, including convincing potential consumers and agents of the attractiveness of Biome Australia's products and the ability to manufacture those products to a sufficient quality and quantity to meet commercial demand at an acceptable cost. There is a risk that Biome Australia's products may not gain widespread market acceptance, and this may adversely affect the financial performance of Biome Australia. There is also a risk that Biome Australia may not be able to effectively compete with other participants in this market.	Section 5.2.12
Liquidity and realisation risk	Restriction obligations (escrow) will be applied to Shares held by existing shareholders. The remaining "free float" (shares that are tradable during any restriction period) may be limited, resulting in a decrease in active or potential sellers or buyers at any given time, which may result in an inactive or illiquid market for the Company's Shares, which may increase the volatility of the market price of the Company's Shares. Following confirmation of the restriction obligations that will be imposed by the ASX and the agreement on voluntary escrow, the restricted shares would represent approximately 48% of the Company. This would leave approximately 52% of the Company's Shares free trading until this escrow period(s) ends. Refer to Section 13.8 for further detail on escrow. Further, there is a risk that once the Shares subject to escrow or trading restrictions are released from the restrictions attaching to them, there may be significant sell down by holders of those shares which may negatively affect the Company's Share price. The potential limited free float (tradeable Shares during any restriction period) and potential sell down may affect the prevailing market price at which shareholders are able to sell their Shares. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of Shares.	Section 5.2.17
Other risks	A number of other key risks that relate to an investment in Biome Australia are set out in Section 5.	Section 5

1.4 Directors and key management

Topic	Summary	For more information
Who are the Directors and key executives of Biome Australia?	**Board of Directors** Biome Australia has an experienced Board with significant scientific experience and commercial acumen: ▪ Mr Ilario Faenza - Non-Executive Chairman — Mr Faenza has over 30 years of corporate and commercialisation experience in Australia ▪ Ms Dominique Fisher - Independent, Non-Executive Director — Ms Fisher has over 35 years of corporate and commercialisation experience in Australia ▪ Mr Blair Vega Norfolk - Executive Director — Mr Vega Norfolk has over 9 years of health industry and commercialisation experience in Australia The profiles of the Board of Directors outlining their experience can be found in Section 6.2. **Senior leadership team** The Directors are supported by the following Key Management Personnel (**KMP**): ▪ Mr Douglas Loh - Chief Financial Officer ▪ Dr Jaroslav Boublik - Chief Science Officer The profiles of KMP outlining their experience can be found in Section 6.3.	Sections 6.1, 6.2 and 6.3
Who are the members of the Scientific Advisory Board and Pharmacy Advisory Board and what are their purpose?	Biome Australia has both a Scientific Advisory Board and Pharmacy Advisory Board. These Advisory Boards have been established to provide Biome Australia advice on future research opportunities and to provide Biome Australia advice on pharmacy industry and to review any future professional programs that Biome Australia may develop to supports its sales and marketing activities respectively. **Scientific Advisory Board** The members of the Biome Australia Scientific Advisory Board are: ▪ Dr Marco Pane ▪ Dr Jaroslav Boublik ▪ Dr Niklas Larsson **Pharmacy Advisory Board** The members of the Biome Australia Pharmacy Advisory Board are: ▪ Catherine Bronger ▪ Cameron Unsworth ▪ Amanda Bryce	Section 6.4

1.5 Capital structure, interests and benefits of key people and related party transactions

Topic	Summary		For more information
What is the capital structure of Biome Australia as at the Prospectus Date	**Existing Shares**	148,733,950 Shares	Sections 13.1 - 13.4
	Existing Options	12,998,851 Existing Options	
	Performance Rights	11,175,907 Performance Rights	
	The rights attached to the Existing Shares, Existing Options and Performance Rights are detailed in Sections 13.2, 13.3 and 13.4 respectively. The Performance Rights convert automatically into Shares on IPO Completion.		

What will Biome Australia's capital structure look like at IPO Completion

(assuming no Existing Options are exercised)?

Section 13.1

Security holder	Securities at Prospectus Date	Securities to be issued at IPO Completion	Total Securities on issue at IPO Completion	% of Shares on IPO Completion
All Existing Shareholders				
Shares	148,733,950	Nil	148,733,950	74.4%
Performance Rights holders (a number of these are also Existing Shareholders)				
Performance Rights	11,175,907	Nil	Nil	
Shares (Performance Rights automatically convert into Shares)			11,175,907	5.6%
Option holders (a number of these are also Existing Shareholders)				
Existing Options	12,998,851	Nil	12,998,851	0%
Lead Manager Options	Nil	4,262,808	4,262,808	0%
New Shareholders under the Offer				
New Shares	Nil	40,000,000	40,000,000	20.0%
TOTAL				
Shares	**148,733,950**	**51,175,907**	**199,909,857**	**100%**
Performance Rights	**11,175,907**	**Nil**	**Nil**	
Existing Options	**12,998,851**	**Nil**	**12,998,851**	
Lead Manager Options	**Nil**	**4,262,808**	**4,262,808**	

This table assumes that:

- no New Shares are taken up by any Existing Shareholders, Performance Rights holders or Existing Option Holders or the Lead Manager under the Offer;
- all Performance Rights are converted to Shares at IPO Completion on a 1:1 basis; and
- no Existing Options are exercised.

If the Company does not receive valid applications for the full amount of 40,000,000 New Shares under the Offer, the Offer will not proceed.

Topic	Summary					For more information
What will Biome Australia's capital structure look like at IPO Completion **(assuming all Options are exercised)?**	**Security holder**	**Securities at Prospectus Date**	**Securities to be issued at IPO Completion**	**Total Securities on issue at IPO Completion** (assuming 100% of Options are exercised)	**% of Shares on IPO Completion** (assuming 100% of Options are exercised)	Section 13.1.1 and 13.1.2
	All Existing Shareholders					
	Shares	148,733,950	Nil	148,733,950	68.5%	
	Performance Rights holders (a number of these are also Existing Shareholders and are included above)					
	Performance Rights	11,175,907	Nil	Nil		
	Shares (Performance Rights automatically convert into Shares)		11,175,907	11,175,907	5.1%	
	Option holders (a number of these are also Existing Shareholders and are included above) – assume all exercised at IPO Completion					
	Existing Options	12,998,851	Nil	Nil	6.0%	
	Shares (on exercise of Existing Option)			12,998,851		
	Lead Manager Options	Nil	4,262,808	Nil		
	Shares (on exercise of Lead Manager Options)			4,262,808	2.0%	
	New Shareholders under the Offer					
	New Shares	Nil	40,000,000	40,000,000	18.4%	
	TOTAL					
	Shares	**148,733,950**	**51,175,907**	**217,171,516**	**100%**	
	Performance Rights	**11,175,907**	**Nil**	**Nil**		
	Existing Options	**12,998,851**	**Nil**	**Nil**		
	Lead Manager Options	**Nil**	**4,262,808**	**Nil**		
	This table assumes that: ▪ no New Shares are taken up by any Existing Shareholders, Performance Rights holders or Existing Option holders or the Lead Manager under the Offer; ▪ all Performance Rights are converted to Shares at IPO Completion on a 1:1 basis; and ▪ all Existing Options and Lead Manager Options are exercised on a 1:1 basis. If the Company does not receive valid applications for the full amount of 40,000,000 New Shares under the Offer, the Offer will not proceed.					

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What interest do the Directors have in the issued share capital of Biome Australia on IPO Completion?</td><td>
<table>
<tr><th>Director</th><th>Shares and other securities at Prospectus Date</th><th>Shares and other securities at IPO Completion[3]</th><th>% of Shares on IPO Completion (undiluted)</th><th>% of Shares on IPO Completion (fully diluted)</th></tr>
<tr><td>Ilario Faenza</td><td>950,794 Shares held through FDV Investments Pty Ltd[1]

471,015 Performance Rights through FDV Investments Pty Ltd[1]</td><td>1,421,809 Shares held through FDV Investments Pty Ltd[1]

(all Performance Rights converted to Shares)</td><td>0.7%</td><td>0.7%</td></tr>
<tr><td>Blair Vega Norfolk</td><td>8,330,252 Shares held through Ocean and Remi Pty Ltd <Cambria Partners A/C>[2]

2,717 Shares held directly

5,832,247 Performance Rights held through Ocean and Remi Pty Ltd <Cambria Partners A/C>[2]</td><td>14,162,499 Shares held through Ocean and Remi Pty Ltd <Cambria Partners A/C>[2]

2,717 Shares held directly

(all Performance Rights converted to Shares)</td><td>7.1%</td><td>6.5%</td></tr>
<tr><td>Dominique Fisher</td><td>Nil</td><td>Nil</td><td>0%</td><td>0%</td></tr>
</table>
Notes:
1. FDV Investments Pty Ltd is controlled by Ilario Faenza, Director.
2. Ocean and Remi Pty Ltd <Cambria Partners A/C> is controlled by Blair Vega Norfolk, Director.
3. All Performance Rights are automatically converted to Shares at IPO Completion.

This table assumes that no Director acquires any New Shares under the Offer.

Details of the entities through which the Directors hold their interests is provided in Section 6.7.2. The Directors will also be paid directors' fees for operating the Company following the successful listing of the Company on the ASX. Information on Director fees is provided in Section 6.7.1.

The Directors (and their associates) are entitled to apply for New Shares in the Offer. The Directors reserve their rights as at the Prospectus Date as to whether they will participate in the Offer. Nothing in this Prospectus will be taken to preclude Directors, officers, employees or advisors of Biome Australia, from applying for New Shares on the same terms and conditions as offered pursuant to this Prospectus.

Advisors and other service providers are entitled to fees for services as disclosed in Section 6.6.</td><td>Section 6.7</td></tr>
<tr><td>Are the Directors or any Existing Shareholders selling Shares into this Offer?</td><td>No, the Directors and Existing Shareholders are not selling Shares in the Offer.</td><td>Section 6.7</td></tr>
<tr><td>What are the related party transactions and who benefits from such transactions?</td><td>Nil, with the exception of compensation arrangements with Directors and executive officers.</td><td>Section 6.7</td></tr>
</table>

Topic	Summary	For more information
What Share escrow arrangements are in place?	Certain Shareholders have entered into escrow arrangements under which they will be restricted from dealing with the Escrowed Shares they hold on completion of the Offer until the expiration of the relevant escrow period. The escrow in place is either mandatory escrow imposed by the ASX Listing Rules or escrow agreed on a voluntary basis with Biome Australia. An 'escrow' is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to any exceptions in the escrow arrangement. However, the restriction does not extend to any voting rights attached to the Shares. It is estimated that 95,959,254 Shares (being 48% on the Listing Date) will be subject to escrow arrangements: ▪ 39,359,534 Shares escrowed from the date of quotation for 24 months; ▪ 9,128,993 Shares escrowed from their date of issue for 12 months; and ▪ 47,470,727 Shares escrowed from their date of quotation for 6 months. The commencement date of the respective escrow period is subject to whether the Shares are held by related parties and also whether they are subject to voluntary escrow or ASX mandatory escrow. The Company will announce to the ASX full details (quantity and duration) of the Shares held in escrow prior to the Shares commencing trading on ASX. None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment. At the Listing Date, Biome Australia will have a free float of more than 20%.	Section 13.8
What corporate governance policies does Biome Australia have in place?	Biome Australia has adopted the following corporate governance policies: ▪ Board Charter; ▪ Audit and Risk Committee Charter; ▪ Nomination and Remuneration Committee Charter; ▪ Code of Conduct; ▪ Trading Policy; ▪ Diversity Policy; ▪ Disclosure and Communication Policy; ▪ Anti-Bribery and Corruption Policy; ▪ Whistleblower Policy; and ▪ Privacy Policy. A summary of the corporate governance policies adopted by Biome Australia is set out in Section 6.12.	Sections 6.8 to 6.12

1.6 Summary of the Offer

Topic	Summary	For more information
Who is the issuer of this Prospectus?	Biome Australia Limited ACN 627 364 014, a company incorporated in Australia.	Section 3.1
How is the Offer structured?	The Offer contained in this Prospectus is an invitation to apply for 40,000,000 New Shares in the Company at $0.20 per New Share (the **Offer**). The Offer comprises: ▪ the **Broker Firm Offer**, which is open to retail investors and Institutional Investors who have a registered address in Australia; ▪ the **Institutional Offer**, which consists of an invitation to bid for New Shares made to Institutional Investors in Australia, New Zealand, Hong Kong, United Kingdom, Singapore and certain other eligible jurisdictions; and ▪ the **Chairman's List Offer**, which is open to selected retail investors and Institutional Investors in Australia and certain other eligible jurisdictions who have received an invitation under the Chairman's List Offer. No general public offer of New Shares will be made under the Offer. Canaccord Genuity (Australia) Limited is acting as Lead Manager to the Offer.	Section 7.3
What rights and liabilities attach to the New Shares being offered?	All New Shares issued under the Offer will rank equally in all respects with Existing Shares on issue. The rights attaching to New Shares are described in Section 13.2.	Section 13.2
What is the minimum subscription under the Offer?	The Subscription Amount for the Offer is for 40,000,000 New Shares. Biome Australia will not accept more or fewer Shares than the Subscription Amount.	Section 7.1
What is the minimum application size?	$2,000 of New Shares (being 10,000 New Shares), with incremental multiples $500 of New Shares (being 2,500 New Shares). There is no maximum Application under the Offer.	Section 7.11, 7.12 and 7.13
How will the proceeds of the Offer be used?	The table below sets out the proposed use of proceeds from the Offer:	Section 7.4

Use of proceeds[1]	Subscription Amount	% of funds Inventory
Additional inventory costs to support growth[1]	$2.4 million	30.0 %
Sales & Marketing		
Additional staff and marketing budget to support growth[2]	$2.15 million	26.9%
New Product Development		
Additional product development costs to expand the Biome Australia product range[3]	$0.5 million	6.3%
Administration and working capital		
Administration costs and working capital[4]	$1.95 million	24.4%
Costs of the Offer		
Payment of costs of the Offer[5]	$1.0 million	12.5 %
TOTAL	**$8.0 million**	**100.0 %**

Notes:

1. This will cover anticipated inventory costs which are anticipated to increase following IPO Completion as Biome Australia grows.
2. This will cover sales and marketing costs which are anticipated to increase following IPO Completion as Biome Australia grows. Refer to Section 3.5.1 for further information.
3. This funding will enable new product development to assist Biome Australia expand its product range, assisting growth. Refer to Section 3.2.5 for detail of Biome Australia's current products under development.
4. The working capital is to be applied to funds required to expand the business, and towards administration costs associated with Biome Australia. These costs include costs for wages and salaries, occupancy costs, professional consultant's fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs.
5. The total outstanding cash costs of the Offer (excluding GST) are estimated to be approximately $1.0 million, including legal expenses, accounting, audit and tax advisory fees, ASIC and ASX fees and prospectus design and printing costs. Please refer to Section 13.10 for a detailed breakdown of the total costs of the Offer.

The above table is a statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales success, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds raised are applied.

Topic	Summary	For more information
Will Biome Australia be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, Biome Australia will have sufficient working capital to carry out its stated objectives (refer Section 7.9). The use of further equity funding or share placements will be considered by the Board where it is appropriate to accelerate a specific project, transaction or expansion.	Section 7.9
Will the Shares be quoted on the ASX?	Biome Australia will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and Quotation of Shares on ASX (under the code "BIO"). Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application to the ASX is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Money received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.14
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 7.15
What is the allocation policy applicable to the Offer?	The allocation of New Shares between the Broker Firm Offer, Institutional Offer and Chairman's List Offer will be determined by the Lead Manager and the Company having regard to the allocation policy outlined in Section 7.11, 7.12 and 7.13. For the Broker Firm Offer, the Lead Manager and the Brokers to the Offer will determine how Brokers allocate New Shares among their clients. Institutional Offer allocations were determined by Biome Australia in consultation with the Lead Manager. For the Chairman's List Offer, Biome Australia, in consultation with the Lead Manager, will determine the allocation of New Shares among Applicants.	Sections 7.11, 7.12 and 7.13
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.	Section 7.10
What are the tax implications of investing in the New Shares?	An overview of the Australian tax treatment for Australian tax resident investors is included in Section 12. The tax consequences of any investment in the New Shares will depend upon any investor's particular circumstances, particularly for non-resident Shareholders. Applicants should obtain their own tax advice prior to deciding whether to apply for New Shares.	Section 12
When will I receive confirmation that my Application has been successful?	It is expected that initial Holding Statements will be despatched by standard post in accordance with the timetable detailed under 'Key Offer Information' on page 5. It is the responsibility of each Applicant to confirm their own holdings before trading on ASX, and any Applicant who sells their Shares before they receive an initial Holding Statement does so at their own risk.	Key Offer Information on page 5
What is Biome Australia's dividend policy?	The payment of dividends by the Company is at the complete discretion of the Directors. Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend. In determining whether to declare future dividends, the Directors will have regard to the Company's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.	Section 4.8

Topic	Summary	For more information
How can I apply for New Shares?	**Broker Firm Applicants** Broker Firm Applicants may apply for New Shares by completing a valid Broker Firm Application Form attached to or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Broker Firm Offer. **Institutional Offer Applicants** Institutional Investors may apply for New Shares by completing a valid Institutional Offer Application Form as separately advised by the Lead Manager. **Chairman's List Offer Applicants** Applicants under the Chairman's List Offer must apply in accordance with the instructions provided in their invitation to participate in the Chairman's List Offer.	Sections 7.11, 7.12 and 7.13
Can the Offer be withdrawn?	Biome Australia reserves the right not to proceed with the Offer at any time before the issue of New Shares to Successful Applicants. If the Offer does not proceed, the Share Registry, your Broker or Biome Australia will refund Application Money. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.	Section 7.18
When are the Shares expected to commence trading?	It is expected that the Shares will commence trading on the date detailed on page 5 in the Key Offer Information. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial Holding Statement do so at their own risk.	Section 7.20
Where can I find more information?	Call the Biome Australia Information Line on 1300 288 664 (within Australia) +61 2 9698 5414 (from outside Australia) between 8:30am and 5:00pm (Melbourne time), Monday to Friday (except public holidays) if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether obtaining New Shares in Biome Australia is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant tax advisor or other independent and qualified professional advisor before deciding whether or not to invest.	N/A



2. Industry overview

2. Industry Overview

2.1 OVERVIEW

Biome Australia Limited ('**Biome Australia**' or '**Company**') primarily operates in the "complementary medicine" industry.

Complementary medicine incorporates a broad range of healthcare practices which are distinct from the conventional health system of a particular country or culture. The complementary medicine industry comprises a number of segments, including vitamin, mineral, herbal and probiotic products, which are believed to promote health and wellbeing and/or prevent or treat disease.

One third of Australians using complementary medicines do so to manage the symptoms of a chronic disease[1]. In 2020, the industry's top priorities for innovation were immunity, stress management, sleep support, probiotics and plant-based products[2]. Biome Australia's products focus on immunity, stress management, sleep and plant based nutrition, among others.

Growth in the complementary medicines industry has been driven by consumer demand domestically and internationally due to increased demand from consumers with busy lifestyles, longer working hours, more stressful social lives and an emphasis on preventative healthcare[1].

2.2 THE MARKET

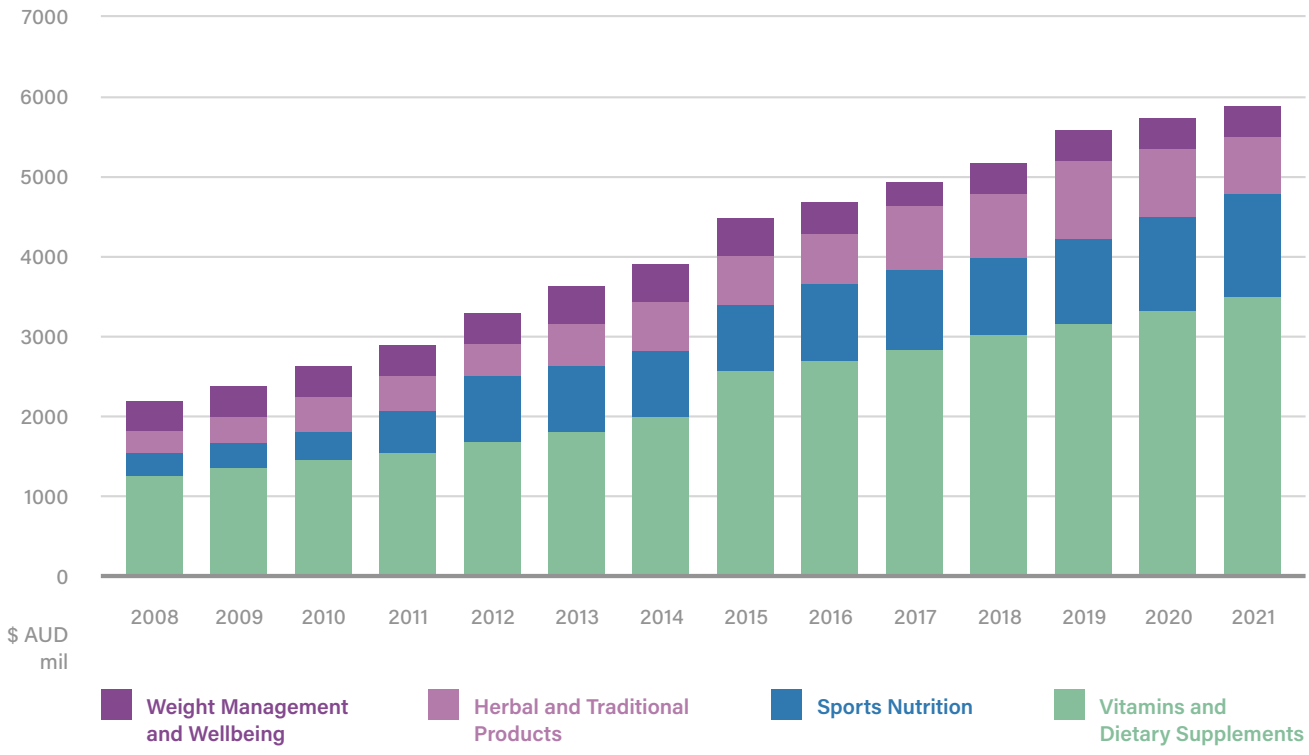
2.2.1 Market size

In Australia, the complementary medicines industry was estimated to be worth $5.69b in 2021, with 7 out of 10 Australians regularly using complementary medicine[3]. The industry has seen a period of consistent growth which has doubled over the last decade[3] (see Figure 2.1 below).

Growth has occurred across many categories of complementary medicines, including the Vitamins and Dietary Supplement Category (**VDS Category**) which has also doubled over the last decade and is forecast to grow at a 22% CAGR over the remainder of this decade[3]. Biome Australia develops and markets products within the VDS Category.

Figure 2.1 - Market size[3]

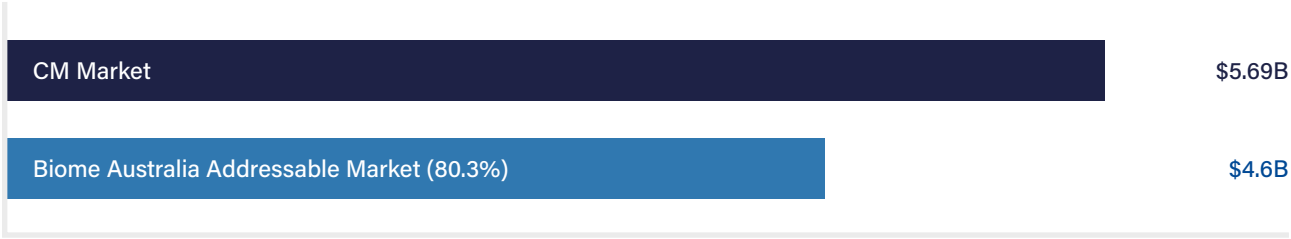
Source: EuroMonitor



80.3% of the complimentary medicine sector is Biome Australia's target market, offering the Company an addressable market worth in excess of $4.6 billion via channels including community pharmacies, health food, specialist retailers, online selling and direct sales[3].

1. Complementary Medicines Australia Industry Audit 2020
2. Complementary Medicines Australia Industry Audit 2021
3. Complementary Medicines Australia Industry Audit 2021

Figure 2.2 - Market Opportunity Complementary Medicine (CM)



2.2.2 Probiotic market

The relationship between the gut microbiome and human health is an active and rapidly advancing area of research and complementary medicine. The influence of the gut microbiome on health and a wide range of diseases is increasingly being recognised. Probiotics represent a new clinical frontier in preventative medicine due to the microbiome's perceived biochemical interactions with human biology and psychology[4].

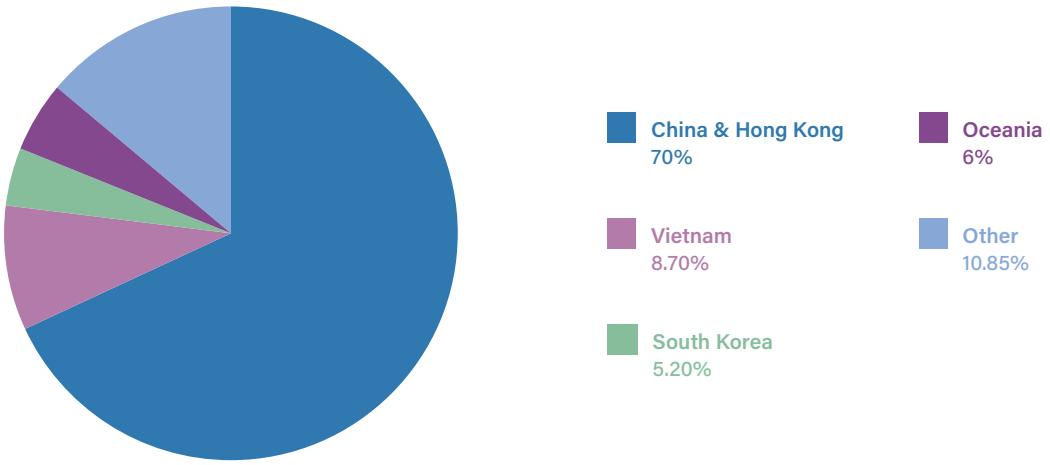
International Probiotics Association Global Market Insights: for Probiotic Dietary Supplements provides that the global probiotic supplements market is estimated to be approximately US$6.6b in 2020, with the major probiotic supplements' markets being North America, the Asia Pacific and Western Europe. The USA has the largest probiotic supplement market, followed by China. Australasia was estimated to be worth ~US$161 million. The sector is growing at a CAGR of 3.8% from 2020 to 2025. The Asia Pacific region is growing at a CAGR of 7.6%. In 2020, total sales of probiotic supplements in the EU market were US$1.8b, with Western Europe having an estimated CAGR of 5.4% from 2020 to 2025[5].

2.2.3 International trade

Australia's export market for complementary medicines was estimated to be worth $1.1 billion in 2020[6]. Australian exports are predominantly to the Asia region. Asia is the fastest growing region globally, and this trend is expected to continue to grow the export market[7]. Exports to the region are expected to continue to grow on the back of an ageing population and an increasing middle class consumer segment[6]. Future Australian complementary medicine target export markets include Cambodia, India, Malaysia, Thailand, Singapore and the United Kingdom[8].

The size of China's import market for nutrition and health foods was US$4.8b in 2020, an increase of 23.9% from 2019[8]. Australia is the largest exporter of nutrition and health food to China (A$1.2b) with the top trending categories exported being in immunity, anti-aging, sports and energy, weight loss, eye health, sleep and stress / emotion management[8].

Figure 2.3 - Australian export market size of complementary medicines[8]



4. Anwar H, Irfan S, Hussain G, Naeem Faisal M, Muzaffar H, Mustafa I, et al. Gut Microbiome: A New Organ System in Body. In: Parasitology and Microbiology Research [Internet]. IntechOpen; 2020. p. 13. Available from: https://www.intechopen.com/books/parasitology-and-microbiology-research/gut-microbiome-a-new-organ-system-in-body
5. International Probiotics Association Global Market Insights: for Probiotic Dietary Supplements November 2020
6. Complementary Medicines Australia Industry Audit 2020
7. Complementary Medicines Australia Industry Audit 2021, Complementary Medicines Australia Industry Audit 2020
8. Complementary Medicines Australia Industry Audit 2021

2.3 DISTRIBUTION CHANNELS

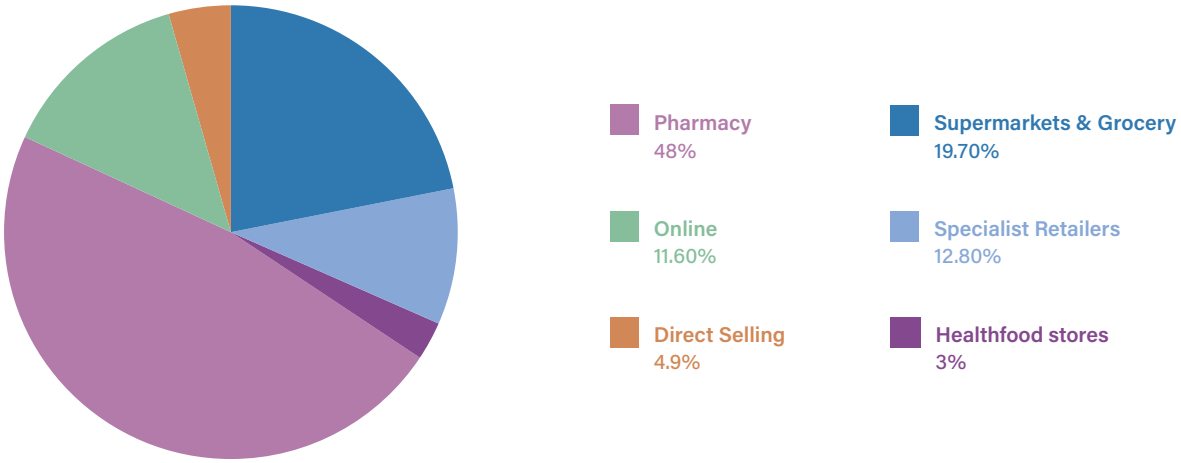
Pharmacies are the number one distributor in Australia for complementary medicines, including probiotics[8]. Many companies within the complementary medicines industry operate in a similar way to fast moving consumer goods (**FMCG**). Complementary medicine companies sell products in a traditional, front-of-shop health retail format. For example, products may be stocked on the shelves on the retail floor in pharmacies.

Retail distribution within the VDS Category has historically been via outlets that also provide healthcare advice. This has been a stable distribution channel with pharmacies being the industry's largest sales channel. Growth in online purchasing in this category is linked to the strong performance of online discount pharmacies[9].

Figure 2.4 - Retail distribution of products within the VDS Category[10]

Biome Australia's flagship brand, Activated Probiotics®, stands apart from many other brands within the complementary medicine industry in that it is a 'practitioner only product.' A 'practitioner only product' is a self-defined concept within the complementary medicine industry whereby a product is only available to consumers via a prescription or recommendation by a 'health professional' as defined by section 42AA of the *Therapeutics Goods Act 1989*. This definition includes AHPRA regulated health practitioners such as medical practitioners and pharmacists, as well as naturopaths, nutritionists and other complementary medical practitioners. It is not regulated or controlled. It is a self-assigned designation. Biome Australia refers to health professionals as either 'pharmacists' or 'independent health practitioners' throughout this Prospectus.

Activated Probiotics® is intended to be kept behind the counter in pharmacies (alongside other schedule 3 'pharmacist medicine only' products) and in private clinic dispensaries used by independent health practitioners.



2.3.1 Australian community pharmacy industry

Within the Australian pharmacy industry, community pharmacies are distinct from discount pharmacies. There are over 5,700 community pharmacies in Australia and they are the most frequently accessed and most accessible health destination in Australia[11]. Community pharmacies are Biome Australia's core distribution market, and are commonly full-service, health-oriented pharmacies which offer a more premium experience to customers.

Community pharmacies also provide preventative health services to their local communities, filling the gap that doctors may lack the time to address. These pharmacists dispense both pharmaceutical drugs and complementary medicines.

In community pharmacy, almost 71% of revenue is derived from the sales of prescription medications, while the other 29% of revenue includes professional services, pharmacy-only and pharmacist-only medicines and over-the-counter products (includes health retail products)[12]. Most of the medicines on Australia's Pharmaceutical Benefits Scheme (**PBS**) Schedule are dispensed by pharmacists, and used by patients at home[13].

From July 2020 to June 2021, the total number of prescriptions under the PBS was 217,307,414 (Figure 2.5). Figure 2.6 is an overview of total prescription medications under the PBS, and the number of prescription medications within each Anatomical Therapeutic Chemical (**ATC**) classification.

9. Complementary Medicines Australia Industry Audit 2020
10. Complementary Medicines Australia Industry Audit 2021
11. The Pharmacy Guild of Australia (2021) 'About the Community Pharmacy Network' Available from: https://www.guild.org.au/about-us#:~:text=About%20the%20Community%20Pharmacy%20Network [Accessed 9 September 2021];
12. Guild Digest 2018 'A survey of independent pharmacy operations in Australia' Financial Year 2016-2017 - Pharmacy Guild of Australia
13. https://www.pbs.gov.au/info/about-the-pbs

Pharmacy revenue from prescription medicine dispensing fees has suffered a significant reduction due to cut-back in government rebates[14]. Due to these reductions, adjunct selling (i.e. selling a product as a complementary product to prescription medications) represents an opportunity for community pharmacies to increase their revenue. Over the counter complementary medicines that are not available in competing channels (i.e. supermarkets and discount pharmacies) may appeal to community pharmacies as a risk mitigation factor against 'discounters' and 'deregulation'. For example, many consumers are familiar with recommendations to take a probiotic with antibiotic prescriptions.

Given the high level of clinical evidence associated with Biome Australia products, Biome Australia is able to target adjunct selling (i.e. selling a product as a complementary product to prescription medications) with prescription medications and has created this secondary market within community pharmacy. When a pharmacist prescribes a medication for a particular health condition that Biome Australia also has a product to support, a companion sale can be made. Biome Australia refers to this market as "the adjunct medication market." Biome Australia is not aware of any other major competitors in this market.

Figure 2.5 - Australian PBS Prescription Medication Market FY2021[15]



Figure 2.6 - Requested PBS & RPBS Groups processed from July 2020 to June 2021[16]

Total PBS & RPBS (inc Special Arrangements)	Total
ATC Classification	**Services**
Alimentary Tract and Metabolism	35.2m
Blood and Blood Forming Organs	11.0m
Cardiovascular System	69.0m
Dermatologicals	3.2m
Genito Urinary System and Sex Hormones	4.5m
Systemic Hormonal Preparations, excl. Sex Hormones	3.6m
General Anti-Infectives for Systemic Use	10.2m
Anti-Neoplastic and Immunomodulating Agents	4.8m
Musculo-Skeletal System	7.2m
Nervous System	47.7m
Anti-Parasitic Products	64,656
Respiratory System	11.8m
Sensory Organs	7.8m
Various +	203,452
Other ++	872,290
Total	**217.3m**

14. Five Year Anniversary 5% Price Reduction - List of Affected Drugs. Available from:https://www.pbs.gov.au/info/industry/pricing/anniversary-price-reductions/5-year-anniversary
15. http://medicarestatistics.humanservices.gov.au/statistics/pbs_group.jsp
16. http://medicarestatistics.humanservices.gov.au/statistics/pbs_group.jsp

2.3.2 Independent complementary health practitioner market

The complementary medicine practitioner market is a non-retail professional channel made up of allied health professionals, largely dominated by naturopaths and nutritionists in private practice. It is estimated that there are approximately 8,600 complementary medicine practitioners operating in Australia[17]. This channel has been largely dominated by non-retail brands that only supply professional-line complementary medicines, such as Metagenics, Biomedia and MediHerb.

While it is difficult to access reliable industry data for this channel, it is clear that success in health retail is strongly supported by success in the practitioner market, as many of the key opinion leaders in natural medicines are complementary medicine practitioners.

2.3.3 On-line distribution

Biome Australia's Activated Nutrients® and Activated X Performance ranges also sell products via online distribution. Consumers have historically shown a preference to purchase complementary medicine products from physical retail outlets which also provide healthcare advice, such as pharmacies which is the largest sales channel, rather than online[18]. Currently, it is estimated that 11.6% of complementary medicines purchases are made online[18].

2.4 REGULATORY ENVIRONMENT IN THE COMPLEMENTARY MEDICINE INDUSTRY

In the complementary medicine market in Australia, there are two main regulatory bodies:

- Therapeutics Good Administration (**TGA**); and
- Food Standards Australia and New Zealand (**FSANZ**).

Regulatory oversight is provided in the United Kingdom and New Zealand for food supplements by the equivalent regulatory bodies, namely:

- Medicines and Healthcare products Regulatory Agency (**MHRA**), Food Standards Agency and Food Standards Scotland for the United Kingdom; and
- Medsafe in New Zealand.

Please refer to Section 11 and Section 3.7 for a summary of the Australian, New Zealand and United Kingdom regulatory environment.

2.5 COMPETITIVE LANDSCAPE

Biome Australia's brands Activated Probiotics® and Activated Nutrients® are sold in both the health retail and practitioner-only segments of the complementary medicine industry.

The health retail sector is currently dominated by well-known brands Swisse Wellness (Health & Happiness), Blackmores Group, Lifespace and Ethical Nutrients.

The practitioner-only subcategory of complementary medicine has a number of brands that traditionally do not operate in health retail. Some of these include MediHerb, Metagenics, Biomedica and Designs for Health. Reliable industry data is not available at a brand level, as many companies are private.

2.6 COVID IMPACT

The Covid-19 pandemic affected the complementary medicines sector, like it has most sectors throughout Australia.

Covid-19 has changed the way that consumers purchase vitamins and dietary supplements. This has in turn has affected the way that manufacturers distribute those products. While consumer preference is to purchase vitamins and dietary supplements at pharmacies or other outlets that also provide healthcare advice, lockdowns and social distancing measures have resulted in an increase in online purchases[18].

Due to the pandemic, consumers have put a greater emphasis on personal hygiene, which resulted in decreased cold and flu activity[18]. In addition, the number one health category for innovation in the complementary medicines space for 2020 was immunity[18]. Due to decreased occurrences of cold and flu, there was decreased demand for cold and flu related products and an increase in demand for immunity and wellbeing products which include prebiotics, probiotics and single vitamins[18].

17. Australian Industry and Skills Committee. Complementary Health National Industry Insights Report [Internet]. 2020. Available from: https://nationalindustryinsights.aisc.net.au/industries/health/complementary-health [Accessed 10 September 2021)
18. Complementary Medicines Australia Industry Audit 2021



3. Business overview

3. Business Overview

3.1 INTRODUCTION

3.1.1 Who is Biome Australia Limited?

Biome Australia Limited ('**Biome Australia**' or the '**Company**') is an Australian company that licences, develops and markets innovative, evidence-based, complementary medicines, including nutraceuticals (food-based vitamins and weight management products) and live biotherapeutics (probiotics). Biome Australia markets and distributes clinically researched products developed in conjunction with its strategic partners.

Biome Australia's products include 22 products marketed under three brands, being Activated Probiotics®, Activated Nutrients® and Activated X Performance (refer to Figures 3.3, 3.4 and 3.5 below). These products are distributed through community pharmacies, independent health practitioners and online direct to consumer channels.

Biome Australia's live biotherapeutic products and a key nutraceutical product are supported by clinical evidence of efficacy. A number of its live biotherapeutic products are supported by placebo-controlled, double blind, randomised clinical trials on the finished products, while the efficacy of a number of other products are supported by clinical studies on their key active ingredients (refer to tables in Section 3.7 for a summary of the level of evidence supporting Biome Australia's products).

Biome Australia's goal is to become a leading global, clinically backed, complementary medicine company. It aims to build trust with consumers and health practitioners making its complementary medicines accessible, with the objective of improving health outcomes.

3.1.2 Our History

Biome Australia was incorporated in Australia on 6 July 2018 following a corporate reorganisation which culminated in the transfer of all of the assets from Health Science Innovation Aust Pty Ltd ACN 605 369 855, Health Science Innovation Pty Ltd ACN 166 419 049 and Health Science Innovation Holdings Pty Ltd ACN 605 369 364 (together the '**Health Science Group**') effective in August 2018.

Such assets included:

- the 'Activated Nutrients' trade mark;
- the 'activated nutrients' business name and a number of 'activated nutrients' domain names;
- the business goodwill; and
- plant and equipment,

(Biome Australia Business Acquisition).

Following completion of the Biome Australia Business Acquisition, Biome Australia was controlled by the same parties that controlled the Health Science Group. Such persons included Mr Blair Vega Norfolk (Director), Mr Douglas Loh (Chief Financial Officer) and Dr Jaroslav Boublik (Chief Science Officer).

Since incorporation, Biome Australia has refined and implemented its go to market model and developed a range of innovative products in partnership with key suppliers.

Since 2018, Biome Australia has launched ten products under the Activated Probiotic® brand including:

- a number of live biotherapeutic products supported by clinical trials on the finished products; and
- a number of other live biotherapeutic products with clinical evidence supporting the efficacy of key probiotic strain(s),

see Figure 3.3 in Section 3.2.2 and Figure 3.13 in Section 3.7.5.

Since July 2018, Biome Australia has marketed its own range of nutraceutical products (9 products in total as at the Prospectus Date) under the Activated Nutrients® brand (see Figure 3.4 in Section 3.2.3).

In 2020, Biome Australia launched a sports performance range, Activated X Performance (AXP), which combines both organic nutraceuticals and live biotherapeutics (probiotics) (see Figure 3.5 in Section 3.2.4).

As at the Prospectus Date, Biome Australia employs 21 full time equivalent staff.

3.1.3 Corporate and organisational structure and business divisions

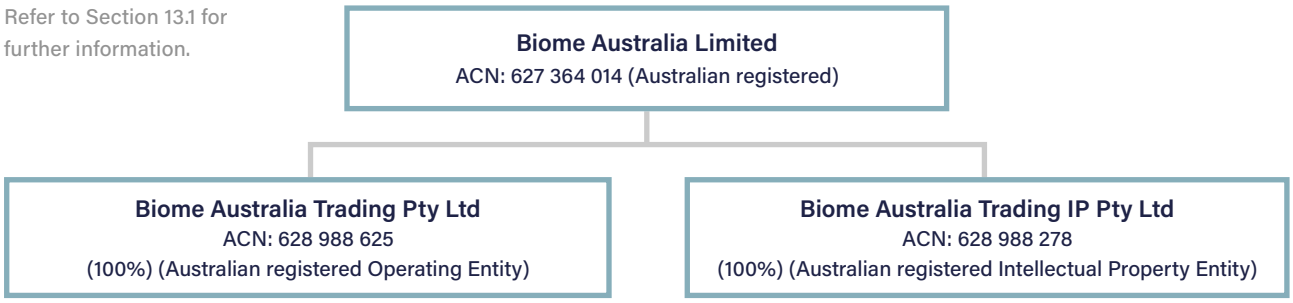
Biome Australia Limited ACN 627 364 014 is the parent company and has two subsidiaries, being:

- Biome Australia Trading Pty Ltd, ACN 628 988 625, incorporated in Melbourne, Victoria on 24 September 2018. This entity was established as the trading company for Biome Australia Limited; and
- Biome Australia IP Pty Ltd, ACN 628 988 278, incorporated in Melbourne, Victoria on 24 September 2018. This entity was established as the intellectual property ownership entity for Biome Australia Limited and

These entities are together referred to as the 'Biome Australia Group'. A structural diagram is provided below:

Figure 3.1 - Biome Australia Group Corporate structure

Refer to Section 13.1 for further information.

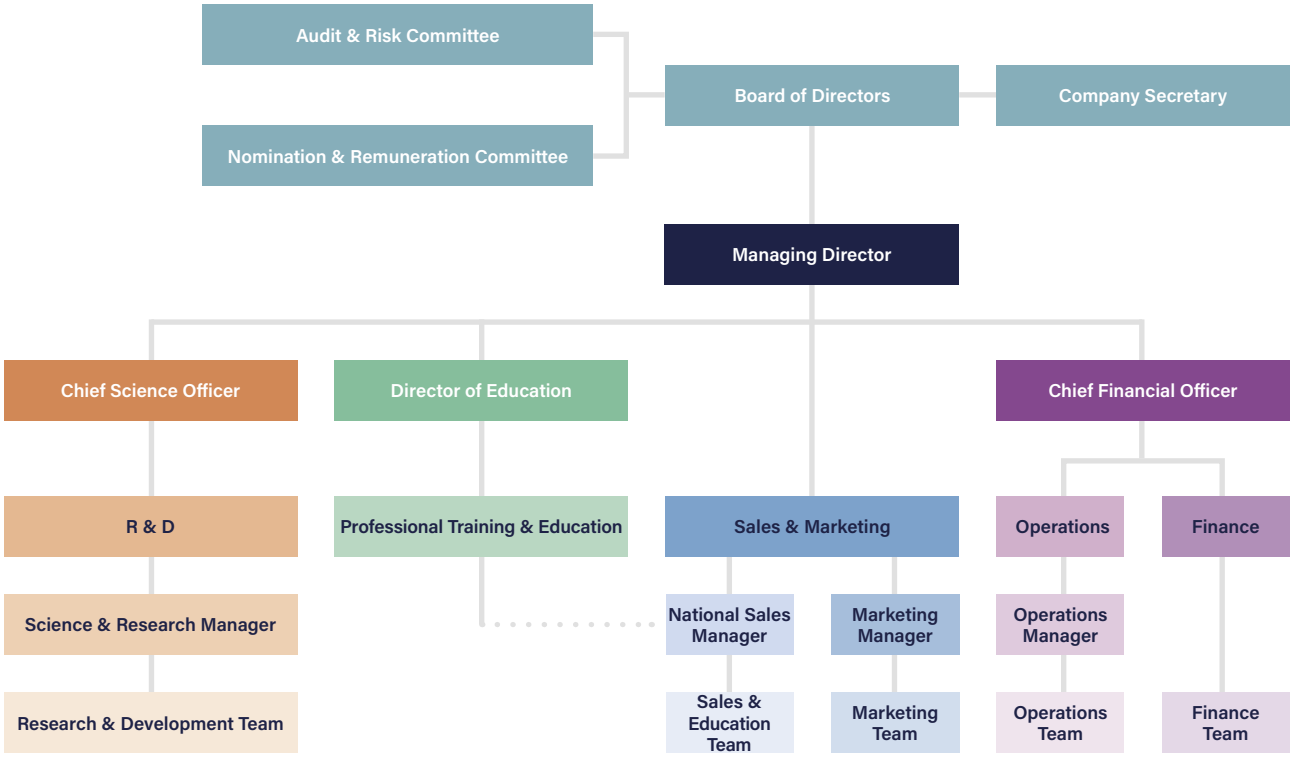


Biome Australia has five business divisions:

1. **Sales and Marketing** – Led by the Sales Manager and Marketing Manager, this division is involved in distribution, sales, business development, marketing and promotion of Biome Australia's products;
2. **Operations** – Led by the Operations Manager, this division is involved in warehousing, fulfilment of customer orders, logistics, inventory ordering and general administrative support;
3. **Research and Development** – Led by the Chief Scientific Officer and Science & Research Manager, this division is involved in research and product development, regulatory affairs, quality control and assurance, and provides auxiliary support to the Professional Training and Education and Sales and Marketing divisions;
4. **Professional Training and Education** – Led by the Director of Education and National Sales Manager, this is a national team of practitioner education consultants and territory managers that focus on sales, product training and education and providing additional customer support; and
5. **Finance** – Led by the Chief Financial Officer, this division is involved in overseeing all financial functions of the business.

Biome Australia's head office is in Melbourne, Australia with an executive team of the Chief Executive Officer, Chief Financial Officer, Education Director and part-time Chief Science Officer. Under the executive team there are department managers for each division. The majority of Biome Australia's staff (thirteen of the twenty-one full time equivalent staff) are employed within sales, marketing, business development and education. The Company organisation chart is provided below:

Figure 3.2 – Biome Australia Group organisational structure



3.2 BIOME AUSTRALIA'S PRODUCTS

3.2.1 What are live biotherapeutics, nutraceuticals and complementary medicine?

Biome Australia's products are included in a number of key categories within complementary medicines, including live biotherapeutics (probiotics) products and nutraceutical products (vitamins and weight management products), targeting a range of key consumer health concerns. Biome Australia sells complementary medicine products under the following brands:

- live biotherapeutic products under the Activated Probiotics® brand;
- vegan, food-based nutraceuticals under the Activated Nutrients® brand; and
- complementary medicines for elite athletes under the Activated X Performance (AXP) brand.

Complementary medicine incorporates a broad range of healthcare practices which are distinct from the conventional health system of a particular country or culture. Complementary medicine includes ingestible medicines, such as vitamin, mineral, herbal and probiotic products, and other non-ingestible therapies which are believed to promote health and well-being and/or prevent or treat disease[19,20,21].

Biotherapeutics are a class of therapeutic goods derived from biological and microbiological means. Probiotic bacteria that target specific therapeutic outcomes are referred to as 'live biotherapeutics'[22].

Nutraceutical is a combination of the words 'nutrition' and 'pharmaceutical' and is used to refer to any foods or parts of food that provide health benefits, including the prevention and/or treatment of disease[23].

19. https://www.nicm.edu.au/health_information/information_for_consumers/understanding_cm
20. https://www.nhmrc.gov.au/health-advice/all-topics/complementary-medicines
21. https://www.tga.gov.au/complementary-medicines
22. Charbonneau, M.R., Isabella, V.M., Li, N. et al. Developing a new class of engineered live bacterial therapeutics to treat human diseases. Nat Commun 11, 1738 (2020). https://doi.org/10.1038/s41467-020-15508-1
23. Kalra E. K. (2003). Nutraceutical--definition and introduction. AAPS pharmSci, 5(3), E25. https://doi.org/10.1208/ps050325

3.2.2 Activated Probiotics®

Activated Probiotics® is a range of live biotherapeutic (probiotic) products that was launched in Australia by Biome Australia in November 2019 and is now also sold in the United Kingdom and New Zealand.

Each Activated Probiotics® product in the range is formulated to target a specific area of health based on clinical research (see Figure 3.13 for an outline of clinical research associated with the Activated Probiotics®). The aim of Activated Probiotics® is to improve general health and wellbeing, improve health outcomes in specific health conditions and help to prevent the occurrence of specific disease states.

Activated Probiotics® constitute a total of ten products currently available on the market. Seven products are available in size 1 vege-capsules, and three are available as naturally sweetened and vanilla-flavoured powders that dissolve when poured into the mouth. Capsules are packaged in aluminium blister packs, and powders are packaged in single serve sachets.

Activated Probiotics® is a 'practitioner-only' range. A 'practitioner-only product' is a product that is only available to consumers via a prescription or recommendation by an independent health practitioner (as defined by the Therapeutic Goods Act 1989[24]), as well as naturopaths, nutritionists and other complementary medical practitioners. The definition of 'health practitioner' includes AHPRA regulated health practitioners such as medical practitioners and pharmacists.

As a practitioner-only range, Activated Probiotics® is intended to be kept behind the counter in pharmacies (alongside other schedule 3 'pharmacist medicine only' products) and in private clinic dispensaries used by independent health practitioners.

In a category that is largely generic, Activated Probiotics® sets itself apart from other brands through a number of key differentiators, including:

- Patented microencapsulation technology, which involves the application of a plant-based lipid coating to individual bacterium, supporting 5x greater survivability of its microencapsulated probiotic bacteria when compared to uncoated probiotics[25,26]. The trademark and ingredient of the microencapsulation are used under license from Probioitcal S.p.A. (refer to Section 9.1 for a summary of the Probiotical Supply Agreement);
- Pharmaceutical-grade blister packaging, delivering superior stability compared to glass jars and bottles;
- Clinical evidence supporting the efficacy of the finished product and/or the key active ingredients (see Figure 3.13); and
- Shelf-stable probiotics that do not require refrigeration.

Biome Australia:

- owns proprietary live biotherapeutic (probiotic) formulations for five of its Activated Probiotics® in conjunction with Probiotical S.p.A (refer to Figure 3.14 for details on the ownership of product);
- has four Activated Probiotics® with multi-year exclusive supply agreements with Probiotical S.p.A. and Probi AB; and
- has one Activated Probiotics® product with an ongoing non-exclusive distribution agreement with Probi AB.

Refer to Section 9 for a summary of the Greenleaf Supply Agreement, Probi Supply Agreement and Probiotical Supply Agreement, (see Figure 3.14).

All probiotic ingredients used by Biome Australia are permissible ingredients for use in complementary medicines by the TGA as per the *Therapeutic Goods (Permissible Ingredients) Determination (No. 2) 2021.*



The above picture depicts the Activated Probiotics® product range

24. section 42AA of the Therapeutic Goods Act 1989
25. Piano MD, Carmagnola S, Ballarè M, Balzarini M, Montino F, Pagliarulo M, et al. Comparison of the Kinetics of Intestinal Colonization by Associating 5 Probiotic Bacteria Assumed Either in a Microencapsulated or in a Traditional, Uncoated Form. J Clin Gastroenterol [Internet]. 2012 Oct;46:S85–92
26. Piano MD, Carmagnola S, Andorno S, Pagliarulo M, Tari R, Mogna L, et al. Evaluation of the intestinal colonization by microencapsulated probiotic bacteria in comparison with the same uncoated strains. J Clin Gastroenterol. 2010;44(SUPPL. 1):42–6

Figure 3.3 - Activated Probiotics®

A summary of the Activated Probiotics® products, the jurisdictions in which they are sold and their regulatory certification is provided below:

Name	Description (see Figure 3.13 for claims and clinical evidence)	Jurisdictions sold	Regulatory certification
Biome IBS™ Probiotic	A live biotherapeutic (probiotic) intended to help relieve the symptoms of medically diagnosed irritable bowel syndrome. Packaged as capsules in aluminium blister packs Manufactured using microencapsulation technology	AU UK and NZ as Biome Relief™	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 315375 UK and NZ as food and dietary supplements respectively
Biome Advanced™ Probiotic	A live biotherapeutic (probiotic) intended to help restore the balance of beneficial gut bacteria after antibiotic use. Packaged as capsules in aluminium blister packs Manufactured using microencapsulation technology	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 315959 UK and NZ as food and dietary supplements respectively
Biome Daily™ Probiotic	A live biotherapeutic (probiotic) intended to help enhance immune system function and promote healthy digestion. Packaged as capsules in aluminium blister packs Manufactured using microencapsulation technology	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 315958 UK and NZ as food and dietary supplements respectively
Biome Iron+™ Probiotic	A live biotherapeutic (probiotic) intended to help increase absorption of dietary iron. Packaged as capsules in aluminium blister packs	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 315955 UK and NZ as food and dietary supplements respectively
Biome Daily Kids™ Probiotic	A live biotherapeutic (probiotic) intended to help reduce the occurrence and duration of common colds. Packaged as powder in single-serve sachets Manufactured using microencapsulation technology	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 317898 UK and NZ as food and dietary supplements respectively
Biome Prenatal+™ Probiotic	A live biotherapeutic (probiotic) containing probiotic strains and nutrients intended to support a healthy pregnancy. Packaged as capsules in aluminium blister packs Manufactured using microencapsulation technology	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 316500 UK and NZ as food and dietary supplements respectively
Biome Osteo™ Probiotic	A live biotherapeutic (probiotic) intended to help promote bone health in adults. Packaged as capsules in aluminium blister packs	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 315633 UK and NZ as food and dietary supplements respectively
Biome Breathe™ Probiotic	A live biotherapeutic (probiotic) intended to help stimulate a healthy immune system response in children. Packaged as powder in single-serve sachets. Manufactured using microencapsulation technology	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 355438 UK and NZ as food and dietary supplements respectively
Biome Lift™ Probiotic	A live biotherapeutic (probiotic) intended to support healthy mood balance and enhance sleep quality. Packaged as capsules in aluminium blister packs Manufactured using microencapsulation technology	AU, UK and NZ	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 315960 UK and NZ as food and dietary supplements respectively
Biome Eczema™ Probiotic	A live biotherapeutic (probiotic) intended to help reduce the symptoms of mild eczema. Packaged as powder in single-serve sachets Manufactured using microencapsulation technology	AU UK and NZ as Biome Soothe™	AU TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUST L 364311 UK and NZ as food and dietary supplements respectively

3.2.3 Activated Nutrients®

Activated Nutrients® is a range of vegan, food-based nutraceuticals that is sold exclusively in Australia.

Activated Nutrients® comprise nine products, all of which are certified vegan with the Vegan Australia Certified program and eight of which are certified organic with the Australian Certified Organic program (see Figure 3.4).

These products aim to provide foods that improve nutrition and help people to improve their general health and wellbeing, manage weight, increase energy production, and increase protein intake. Each product is a blend of plant-based wholefoods and wholefood extracts combined with natural flavours and a natural sweetener. They are available as powders and designed to be mixed into drinks, such as water.

Biome Australia owns the proprietary formulation for eight of the Activated Nutrients® products on the market developed in conjunction with AVS Nutrition Australia (contract manufacturer of Activated Nutrients®/ and AXP's nutraceutical products) (as detailed in the AVS Supply Terms in Section 9.4). The other product, Slim Down, contains an active ingredient Appethyl® (thylakoids) owned by Green Leaf Medical AB and is included in Biome Australia's product under an exclusive supply agreement with Green Leaf Medical AB (see Figure 3.14 for details on the ownership of product).

Refer to Sections 9.1 to 9.4 for a summary of the Greenleaf Supply Agreement, Probi Supply Agreement, Probiotical Supply Agreement and AVS Supply Terms.

Each product was formulated to target a specific demographic, including children, women, men, those aged 50+, those with active lifestyles and those actively managing their weight.



The above picture depicts the Activated Nutrients® product range

Figure 3.4 - Activated Nutrients®

A summary of the Activated Nutrients® products sold in Australia and their regulatory certification is provided below:

Name	Description	Regulatory code/body
Top Up Men's Multivitamin+	A certified organic, vegan daily wholefood nutraceutical with essential vitamins from 40 organic wholefoods.	Australia New Zealand Food Standards Code as regulated by FSANZ
Top Up Women's Multivitamin+	A certified organic, vegan daily wholefood nutraceutical with essential vitamins from 45 organic wholefoods.	Australia New Zealand Food Standards Code as regulated by FSANZ
Top Up 50+ Multivitamin+	A certified organic, vegan daily wholefood nutraceutical with essential d vitamins and calcium from 40 organic wholefoods.	Australia New Zealand Food Standards Code as regulated by FSANZ
Grow Up Kids Multivitamin+	A certified organic, vegan daily wholefood powder with essential vitamins and calcium from 20 organic wholefoods.	Australia New Zealand Food Standards Code as regulated by FSANZ
Tone Up Coconut Protein	A certified organic, vegan, coconut-flavoured protein nutraceutical with probiotics intended to support muscle growth and weight management.	Australia New Zealand Food Standards Code as regulated by FSANZ
Build Up Vanilla Protein	A certified organic, vegan, vanilla-flavoured protein nutraceutical intended to support muscle growth and tissue repair.	Australia New Zealand Food Standards Code as regulated by FSANZ
Power Up Energy Powder	A certified organic and vegan nutraceutical combination of organic wholefoods and wholefood extracts intended to promote energy production.	Australia New Zealand Food Standards Code as regulated by FSANZ
Slim Down	Slim down contains Appethyl®, a patented spinach leaf extract made up of thylakoids, that is intended to promote appetite control and weight management. It is vegan, naturally lemon-lime flavoured and naturally sweetened. The action of the active ingredient thylakoids is supported by 6 published clinical studies.	Australia New Zealand Food Standards Code as regulated by FSANZ
Fill Up	A chocolate flavoured certified organic and vegan formulated meal replacement with wholefood ingredients providing protein, fibre and essential vitamins and minerals to support elderly nourishment and weight management.	Standard 2.9.3 (for formulated meal replacements) of the Australia New Zealand Food Standards Code as regulated by FSANZ

3.2.4 Activated X Performance (AXP)

AXP is a range of complementary medicines distributed by Biome Australia that is targeted at athletes competing at elite-levels and those with active lifestyles. The AXP range includes:

- one live biotherapeutic (probiotic) product which aims to support post-exercise muscle recovery and is supported by clinical research (see Figure 3.5 and 3.13); and
- two nutraceutical products which aim to support energy production during exercise and muscle growth and recovery following exercise (see Figure 3.5).

As at the Prospectus Date, the AXP range is sold exclusively in Australia.

The live biotherapeutic (probiotic) product in the AXP range, AXP Recovery Probiotic™, is available in size 1 vege-capsules packaged in aluminium blister packs. The combination of probiotic strains contained in AXP Recovery Probiotic™ was the subject of a human clinical trial for certain health outcomes (for more information, see Figure 3.13). AXP Recovery Probiotic™ is supplied to Biome Australia under an exclusive supply agreement with Probiotical S.p.A. (for more information, see the contract summary in Section 9.1).

Biome Australia owns the proprietary formulation for the two nutraceutical products in the AXP range which are certified vegan with the Vegan Australia Certified program and certified organic with the Australian Certified Organic program. They are each a proprietary blend of plant-based wholefoods and wholefood extracts combined with natural flavours and a natural sweetener called thaumatin and are manufactured by AVS Nutrition (see Section 9.4 for a summary of the AVS Supply Terms).

Every batch of AXP's products is HASTA™ tested. HASTA™ is an independent sports supplement drug testing specialist in Australia, providing testing and certification of sports supplements for professional athletes. They use high-resolution mass spectrometry to test for the presence of different World Anti-Doping Agency (**WADA**) banned substances in samples of product. Each batch that is tested is issued a drug screening certificate indicating the results of testing, which are made available to athletes and their sports dieticians. AXP's Recovery Probiotic™ is a HASTA™ Certified Product, and is licensed to use "HASTA Certified Product" on the product label and its associated advertising materials. Steps are underway to certify all products within the AXP range by testing additional future batches in order to satisfy the quota of batch testing required by HASTA for 'certification.'



The above picture depicts the Activated X Performance product range

Figure 3.5 - Activated X Performance (AXP)

A summary of the AXP products distributed in Australia and their regulatory certification is provided below:

Name	Description	Regulatory code/body
AXP Recovery Probiotic	A live biotherapeutic (probiotic) to help improve muscle recovery time and reduce mild muscle inflammation. Packaged as capsules in aluminium blister packs Manufactured using microencapsulation technology	TGA Listed Medicine on the Australian Register of Therapeutic Goods (ARTG) AUSTL 316346
AXP Energy Formula	A certified organic and vegan proprietary blend of organic wholefoods and wholefood extracts to promote energy production.	Australia New Zealand Food Standards Code as regulated by FSANZ
AXP Power Protein	A certified organic and vegan protein powder to support the growth and repair of muscle tissue.	Australia New Zealand Food Standards Code as regulated by FSANZ

3.2.5 Biome Australia products under development

Biome Australia has plans to launch a new product into the Activated Probiotics® range. A snapshot of this product and the jurisdictions in which it is proposed to be sold is provided below:

Figure 3.6 - Biome Australia products under development for FY22 release

Name	Description	Jurisdictions sold	Regulatory certification	Anticipated release date
Biome Her™ Probiotic	A probiotic intended to help women maintain a healthy vaginal microbiome. Packaged as capsules in aluminium blister packs	AU, UK and NZ	AU TGA Listed Medicine on ARTG Formulation listed on the ARTG - AUST L 364311 External, independent regulatory consultants are used to review all new products, advise on the required standards to be met and lodge appropriate documents and applications with the relevant authorities.	Early 2022

Biome Australia places a high focus on research and development. Biome Australia is working on a number of strategic research projects through two ongoing clinical trials with La Trobe University and Federation University. These research and development projects are aimed at further validating Biome Australia's live biotherapeutic (probiotic) products for patients with subthreshold depression, osteoporosis, children's cognitive development and immune health.

3.3 MANUFACTURING / SUPPLY AND DISTRIBUTION

3.3.1 Manufacturing and supply

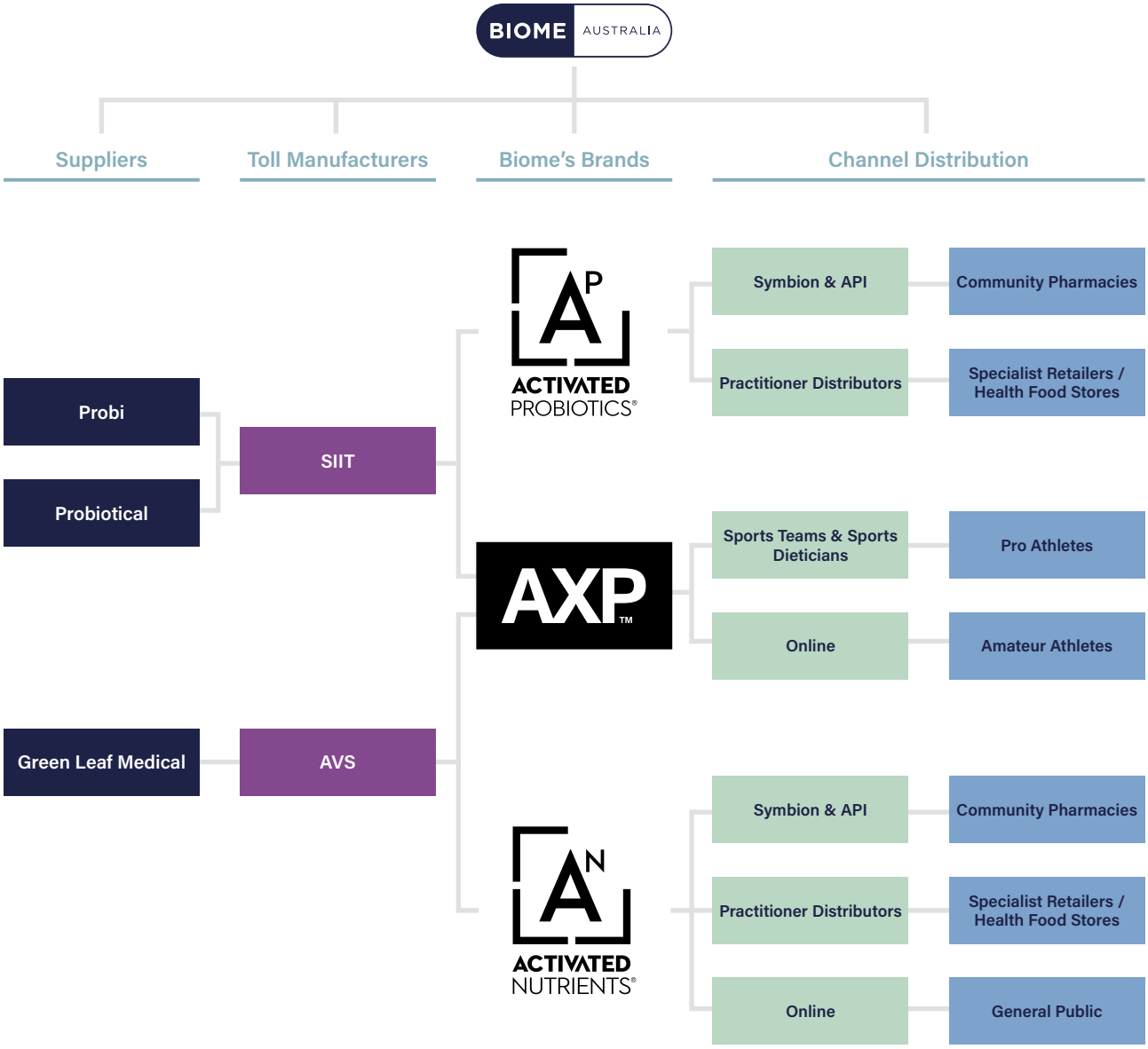
Biome Australia contracts all of its Activated Probiotics® and the AXP Recovery Probiotic (in the Activated X Performance range) to be manufactured by SIIT S.r.l (Italy) and Favea Group (Czech Republic) (contracted through Probiotical S.p.A. and Probi AB respectively). All manufacturing facilities are GMP licensed and TGA-compliant.

The raw materials for the Activated Probiotics® products and the AXP Recovery Probiotic are supplied by Probiotical S.p.A. (Italy) and Probi AB (Sweden). Final stability and release for supply testing is completed by Probiotical S.p.A. at its facility in Italy. Once released, finished consumer units are packed in containers and shipped directly from Italy to Biome Australia's warehouse in Victoria, Australia. Biome Australia holds an import permit with the Australian Department of Agriculture Water and the Environment for the importation of its products.

Refer to Section 9.1 for a summary of its Probiotical Supply Agreement and Section 9.2 for a summary of the Probi Supply Agreement outlining the manufacturing and raw material arrangements.

Biome Australia's nutraceutical products (being the Activated Nutrients® and two of the Activated X Performance products) are food-based products that are manufactured by contract toll manufacturers AVS Nutrition in NSW, Australia. AVS sources all raw materials and delivers finished products to Biome Australia's warehouse in Victoria, Australia as per invoice trading terms. Refer to Section 9.4 for a summary of the AVS Supply Terms.

Figure 3.7 - Complementary medicine market



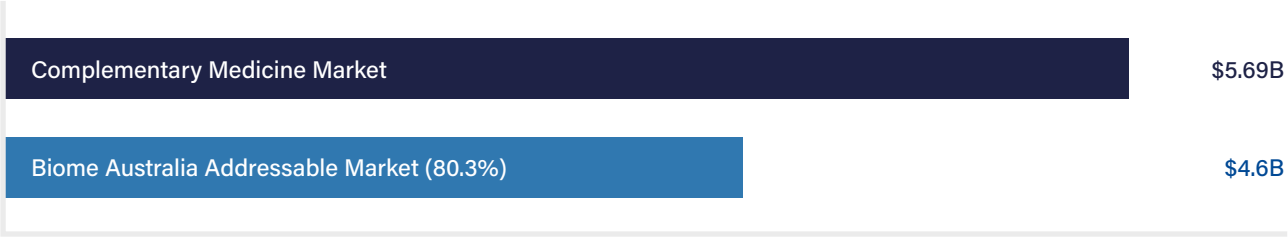
3.3.2 Channel distribution

The total complementary medicine addressable market in Australia is estimated to be $5.69B[27]. Biome Australia distributes its products by the following channels:

- pharmacies;
- specialist retailers;
- direct selling,
- health food stores;
- online selling; and

which makes up 80.3% of the distribution channels of complementary medicines[28]. As such, Biome Australia has a total addressable market of approximately $4.6 billion.

Figure 3.8 - Complementary medicine market



Biome Australia distributes the Activated Probiotics®, Activated Nutrients® and Activated X Performance products through its distribution channels, being:

- primary channels: community pharmacy, specialist retailers (i.e. independent health practitioners) and online channels; and
- secondary channels: health food stores and direct selling.

The Company has an existing distribution network of more than 1300 pharmacies in Australia and over 1000 independent health practitioners in Australia, New Zealand and the United Kingdom. Approximately 85% of the Company's sales revenue is derived from approximately 15% of its individual channel distribution partners.

Figure 3.9 – Australian distribution network

Details of the Company's distribution channels are outlined below:



Channel - Community pharmacy

Community pharmacies can be distinguished from 'big-box, warehouse style discount pharmacies'. Community pharmacies provide preventative health services to their local communities, filling the gap that doctors may lack the time to address. These pharmacies dispense both pharmaceutical drugs and complementary medicines.

Community pharmacies are Biome Australia's core distribution market and are commonly full-service, health-oriented pharmacies. These retailers with community pharmacies offer a more premium experience to customers and are a good fit for Biome Australia's unique range of products, which are sold as stand-alone complementary medicines or via pharmacist-recommendations as adjunct products along with various medications.

The Company has a targeted approach in identifying the most well-aligned pharmacy banner groups to partner with.

27. Complementary Medicines Australia Industry Audit 2021
28. Complementary Medicines Australia Industry Audit 2020

Biome Australia's Activated Probiotics® and Activated Nutrients® products are distributed to over 1300 community pharmacies across 15 banner groups, including:

1. TerryWhite Chemmart;
2. Capital Chemist;
3. Blooms The Chemist;
4. Malouf Pharmacies;
5. Pharmacy 777;
6. Ramsay Pharmacy;
7. Slade Pharmacy;
8. Pharmacy+ Choice;
9. Wizard Pharmacy;
10. Advantage Pharmacy;
11. CDC Pharmacy;
12. Chemist Works;
13. Soul Pattinson Chemist;
14. Pharmacist Advice; and
15. Wholelife Pharmacy & Healthfood.

The Biome Australia Group has:

- distribution agreements with its major pharmacy distributors, Symbion Pty Ltd and API Services Australia Pty Ltd; and
- direct supply agreements with its largest retail pharmacy banner groups, Terry White Chemmart (**TW&CM Pty Ltd**) and Blooms The Chemist Management Services Pty Ltd.

Refer to Sections 9.5, 9.6, 9.7 and 9.8 for a summary of the Biome Australia Group's distribution agreements and terms of trade with API Services Australia Pty Ltd, Symbion Pty Ltd, TW&CM Pty Ltd and Blooms The Chemist Management Services Pty Ltd.

The pharmacies are supplied directly from Biome Australia or via Symbion and API's distribution networks and warehouses across Australia.

Biome Australia does not have ongoing agreements with the balance of the above banner groups. Instead, Biome Australia receives regular orders from these groups based on agreed pricing.

As at the Prospectus Date, Biome Australia distributes to over 1300 community pharmacies. However, within its existing distribution network of pharmacy banner groups, it has access to approximately 1925 pharmacies. The pharmacies within banner groups not currently distributing Biome Australia's products represent an opportunity to increase distribution without requiring the securing of any additional trading terms with new pharmacy banner groups. Biome Australia will leverage its ongoing sales and education efforts to grow into this gap in the market.

Channel - Healthfood stores

Healthfood stores are health-focused retail outlets.

Biome Australia supplies Activated Nutrients® and Activated Probiotics® to healthfood stores via Rener, Oborne and Vital.ly.

Biome Australia does not have overarching distribution agreements in place with its partners in this channel. Instead, Biome Australia receives individual orders to supply healthfood stores, as is common for this distribution channel.

Channel - Specialist retailers

This channel is a non-retail professional channel made up of independent health practitioners in private practice, including complementary medicine practitioners (such as naturopaths and nutritionists) and other health professionals who make use of complementary medicines, such as dieticians and integrative doctors.

In Australia, these independent health practitioners are supplied with Biome Australia's Activated Probiotics® and Activated Nutrients® products through either direct supply or through vital.ly, Oborne Health Supplies or Rener Health Products' distribution networks and warehouses across Australia.

In New Zealand, Biome Australia's Activated Probiotics® products are supplied via Pacific Health and Fitness Ltd.

In the United Kingdom, Biome Australia's Activated Probiotics® products are supplied via The Natural Dispensary and Amrita Nutrition.

Biome Australia does not have overarching distribution agreements in place with its partners in this channel. Instead, Biome Australia receives individual orders to supply from the independent health practitioners, as is common for this distribution channel.

Channel - Online

Activated Nutrients® is sold directly to consumers online via its website: www.activatednutrients.com.au.

Activated X Performance is also sold directly to consumers online via the Biome Australia website: www.activatedxperformance.com.au.

Biome Australia couriers its products directly to consumers from its warehouse in Melbourne.

Channel - Direct selling

Where necessary, direct selling provides select customer accounts from various aforementioned channels with products from Biome Australia's fulfilment warehouse without using a wholesale intermediary.

3.4 BUSINESS MODEL

3.4.1 Operating model

Biome Australia's products are manufactured by accredited manufacturers and are supplied predominantly to wholesale customers and also to retail customers.

Biome Australia accepts wholesale customer orders both directly or through its channel distribution partners. These orders are organised at Biome Australia's warehouse and shipped and invoiced directly to a customer or in bulk to a distributor for the distributor to manage fulfilment, logistics and billing.

Biome Australia distributes the products to its retail customers directly and through a number of distributors in Australia, the United Kingdom and New Zealand. Online retail orders are received directly from customers and fulfilled from Biome Australia's warehouse through a number of courier services.

3.4.2 Revenue model

Biome Australia purchases its products as finished goods from its four manufacturing partners and ships them to its storage and fulfilment warehouse in Melbourne, Australia. Biome Australia sells the bulk of its products wholesale, with a small component, (less than 10%) sold directly to consumers online and generates a margin net of its costs and expenses.

Biome Australia generates a 50%+ gross margin under its pricing model. The Company sells its products to its wholesale customers at a price to allow a 30-45% markup on to the recommended retail price. Wholesale customers use their own discretion if they sell to consumers at recommended retail price or a different price.

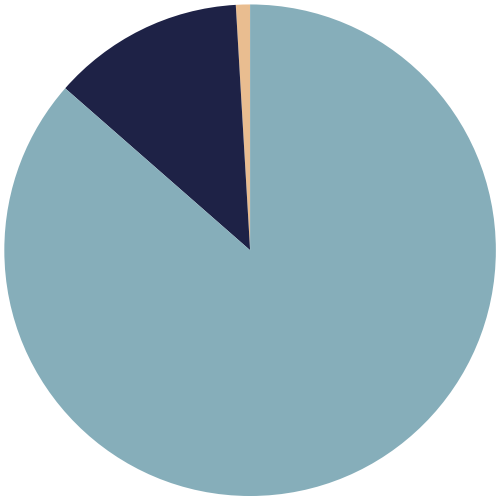
In FY2019 Biome Australia achieved sales of $387k of its products through its channel distribution partners and its own online ecommerce store. In FY2020 Biome Australia achieved sales of $833k of its products through its channel distribution partners and its own online ecommerce store. In FY2021 Biome Australia achieved sales of $2.32m being 2.8 times the previous corresponding period.

COVID-19 had an impact on sales in the first two quarters of 2020, namely 1 January 2020 to 30 September 2020, driven by the initial COVID-19 effect on consumer purchasing behaviours. Given Biome Australia's products are sold through health retailers, including community pharmacies which have remained open throughout the pandemic, from the commencement of the September quarter 2020, Biome Australia has been able minimise any negative impact Covid-19 on it's sales. This is reflected in Figure 4.6 of Section 4.6.1, which shows that sales between 1 July 2021 to 30 September 2021 were $916,000, exceeding pre-COVID-19 sales.

Figure 3.10 – Top products

The below graphs depict the top sales by brand and top products by sales revenue.

FY2021 Sales by brand



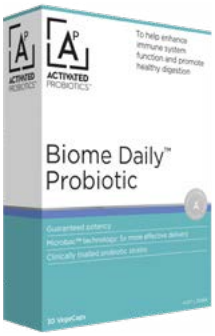
Activated Probiotics
86% ($2m+)

Activated Nutrients
13% ($292k)

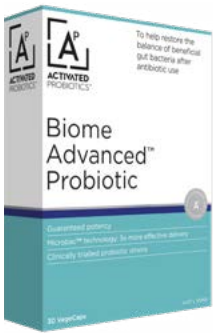
AXP - Launched in 2021
1% ($19k)

FY2021 top four products by sales revenue

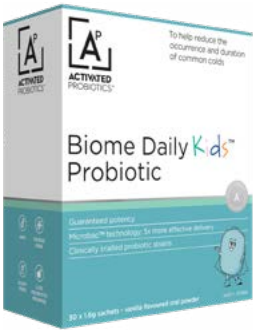
1. Biome Daily™
   $443,000 (19.1%)



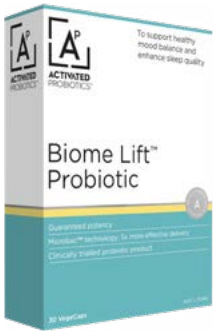
2. Biome Advanced™
   $284,000 (12.3%)



3. Biome Daily Kids™
   $279,000 (12%)



4. Biome Lift™
   $258,000 (11.1%)



3.4.3 Key dependencies of the business model

Product supply agreements

Biome Australia has three key product supply agreements. These consist of:

- an exclusive and non-exclusive product supply agreement with Italian company, Probiotical S.p.A, exclusivity or otherwise is subject to the product being supplied;
- an exclusive and non-exclusive product supply agreement Swedish company, Probi AB, exclusivity or otherwise is subject to the product being supplied; and
- an exclusive product supply agreement Swedish company, Green Leaf Medical.

These three supply agreements enable the supply of Biome Australia's existing marquee products to its customers. Without these supply agreements, Biome Australia would need to offer alternative products and/or source ingredients from alternative suppliers.

Refer to Section 9.1 for a summary of its Probiotical Supply Agreement, Section 9.2 for a summary of the Probi Supply Agreement and Section 9.3 for a summary of the Greenleaf Supply Agreement.

Channel distribution agreements

The Biome Australia Group has channel distribution partners that support the sale of its products to customers in Australia, New Zealand and the United Kingdom. These agreements are maintained by maintaining agreed sales levels. These distribution agreements could be at risk if there was a significant, long term reduction in sales of Biome Australia's products. Refer to Sections 9.5 – 9.8 for a summary of Biome Australia's key channel distribution agreements.

Regulatory

Biome Australia markets products across a number of regulated categories and markets. Biome Australia minimises the potential risk of compliance arising from its products in Australia by employing external regulatory consultants who review all products and monitor any changes to regulatory requirements through a stringent risk management process.

3.5 BUSINESS STRATEGIES

3.5.1 Promotion strategies

The core of Biome Australia's promotional strategy is education-driven engagement through its key distribution channels, comprising community pharmacies and independent health practitioners in private practice.

This strategy is supported by a national team of practitioner education consultants, Biome Australia's online practitioner education portal, education conferences and health clinics. Training, educational events and conferences aim to develop stronger trust and relationships with pharmacy staff and independent health practitioners with the intention of promoting Biome Australia's products as their preferred brand to recommend.

Biome Australia and its national sales force operate a full-service support service that provides product training, education and additional support to consumers. An example of this is the Biome Bone Health Clinic which is an educational promotion run by Biome Australia's sales and education staff utilising a GE Achilles EXPII quantitative ultrasound machine to discuss the importance of preventative bone health.

Biome Australia supports its wholesale customers through a dedicated team of sales and education staff which provide training, education, in-store marketing and customer service support.

Other sales and marketing activities are focused on supporting growth and sell-through within existing health retail outlets (i.e. helping them to sell Biome Australia's products to their consumers), such as community pharmacy partners. This includes marketing activities such as in-store promotional materials at point of sale. Sales are also supported with television advertising, advertorial and editorial content for consumer catalogues and print media and outdoor advertising (such as billboards and street posters). Biome Australia's internal marketing team runs a monthly promotional strategy on a key topic supported by written educational content in the form of blog articles, database marketing, social media promotions and digital advertising.

3.5.2 Placement strategies

Biome Australia sells its products through a number of distributors in Australia, the United Kingdom and New Zealand. In Australia, Biome Australia has two pharmacy distributors that supply its pharmacy banner group customers and a number of distributors that supply independent health practitioners and health food stores. In the United Kingdom and New Zealand, Biome Australia has distributors that supply independent health practitioners. Biome Australia also sells two of its ranges, namely Activated Nutrients® and Activate X Performance, via its own online store.

Biome Australia's placement strategy is detailed in the table below:

Figure 3.11 – Biome Australia's placement strategies and channel distributors

Placement strategies

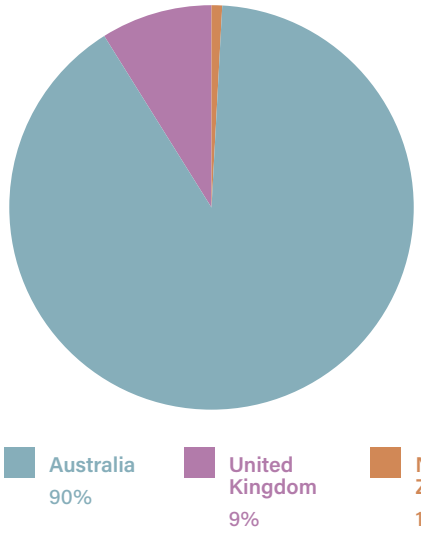
Customer (Channel Distributor)	Biome Online Selling Direct To Consumer	Biome Direct selling	Symbion	API	Oborne Health Supplies	Vital.ly	Rener Health Products	The Natural Dispensary & Amrita Nutrition	Pacific Health & Fitness
Distribution Channel	eCommerce, IHP & HFS	Pharmacy, IHP & HFS	Pharmacy	Pharmacy	IHP & HFS	IHP & HFS	IHP & HFS	IHP	IHP
Geographic Region	Australia	Australia	Australia	Australia	Australia	Australia	Australia	United Kingdom	New Zealand
Number of distribution points or retail outlets	NA	33	812	518	Data not available	474	178	Data not available	Data not available
Retail Banner groups	NA	2	6	7	NA	NA	NA	NA	NA
Product Ranges	AN & AXP	AP & AN	AP & AN	AP & AN	AP & AN	AP & AN	AP & AN	AP	AP
FY2021 Revenue AUD$ (%)	$191,000 (8.2%)	$124,000 (5.3%)	$1,140,000 (49.1%)	$469,000 (20.2%)	$68,000 (2.9%)	$73,000 (3.2%)	$29,000 (1.3%)	$204,000 (8.8%)	$22,000 (0.9%)

Pharmacy = Retail Pharmacy IHP = Independent health practitioners HFS = Health Food Store
AN = Activated Nutrients® AP = Activated Probiotics® AXP = Activated x Performance

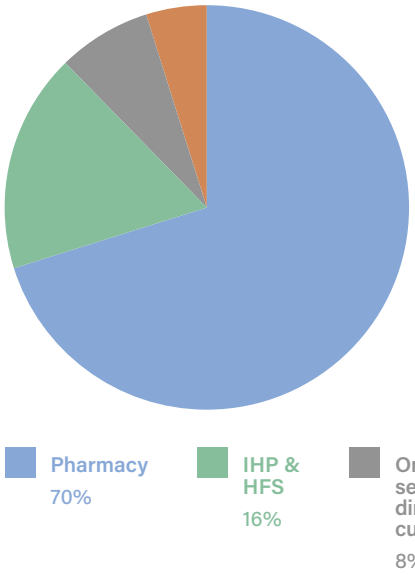
The pharmacies that are part of Biome Australia Group's distribution network, are supplied directly from Biome Australia or via Symbion and API's distribution networks and warehouses across Australia.

Figure 3.12 – Sales distribution by geography and channel

Distribution by geography



Distribution by channel



3.6 MARKET POSITION

In Australia, Biome Australia products are positioned across a number of distribution channels. The Activated Probiotics® range is designated as 'practitioner-only.' Practitioner-only products are not regulated or controlled; it is a self-assigned designation that Biome Australia has chosen. Practitioner-only creates a product offering for independent health practitioners and pharmacies that is aimed at supporting a consultation with the sale of the products. Practitioner-only products, such as Activated Probiotics®, are positioned behind the counter in pharmacies (alongside other schedule 3 'pharmacist medicine only' products) and in private clinic dispensaries used by independent health practitioners. This positioning is important to support Biome's 'adjunct medication market' opportunities within its community pharmacy channel.

The Activated Nutrients® products are positioned in the vitamin category in health retail within community pharmacy and health food stores, as well as utilised by independent health practitioners. Activated Nutrients® products are also available for purchase online via the brand's website, www.activatednutrients.com.

Activated X Performance AXP is positioned as a business-to-business (B2B) offering to professional sporting clubs in Australia. The AXP range is available to be purchased online via the brand's website, www.activatedxperformance.com.au.

In the United Kingdom and New Zealand, Biome Australia only sells its Activated Probiotics® range. The range is positioned exclusively in the complementary practitioner channel with independent practitioners, and is not sold via health retailers.

Biome Australia supports its market share growth by maintaining a focus on education, science and training.

3.7 QUALITY CONTROL AND PRODUCT COMPLIANCE

3.7.1 Regulatory bodies

Biome Australia's products are regulated by two main regulatory bodies:

- Therapeutic Goods Administration (**TGA**); and
- Food Standards Australia and New Zealand (**FSANZ**).

Activated Probiotics® products are TGA Listed medicines (AUST-L) on the Australian Register of Therapeutic Goods (**ARTG**), regulated by the TGA.

Activated Nutrients® products are food products and are required to comply with the Australia New Zealand Food Standards Code as regulated by the FSANZ.

Activated X Performance (AXP) has one product regulated under the TGA and two products regulated under FSANZ as above.

Regulatory oversight is provided in the United Kingdom and New Zealand for food supplements by the following regulatory bodies, namely:

- Medicines and Healthcare products Regulatory Agency (MHRA), Food Standards Agency and Food Standards Scotland for the United Kingdom; and
- Medsafe in New Zealand.

3.7.2 Regulatory compliance

Biome Australia is the TGA sponsor for all Activated Probiotics® and Activated X Performance products required to be included on the ARTG as listed medicines.

With any product development, application and changes, Biome Australia uses external, independent regulatory consultants to review products, advise on the required standards, lodge appropriate applications and documents with the relevant authorities, and review and/or provide product label drafts. For matters relating to therapeutic goods and TGA regulatory affairs, Biome Australia consults Anthea Steans Consulting. For matters relating to food products and FSANZ regulatory affairs, Biome Australia consults AVS and Advanced Wellness Regulatory Solutions. For matters relating to New Zealand and United Kingdom compliance, Biome Australia consults Anthea Steans Consulting and Summit NutriHealth Ltd. respectively.

For more information on Australian regulatory compliance, refer to Section 11.

With respect to New Zealand regulatory oversight, Biome Australia sells the Activated Probiotics® range of products in New Zealand where they are regulated as Dietary Supplements under the Food Act 2014 by Medsafe.

For more information on New Zealand regulatory compliance, refer to Section 11.

Biome Australia sell the Activated Probiotics® range of products in the United Kingdom as food supplements, regulated under the Food Safety Act 1990 by the Food Standards Agency (**FSA**).

For more information on United Kingdom regulatory compliance, refer to Section 11.

3.7.3 Quality assurances

Biome Australia is committed to maintaining the quality of its products and ensuring they comply with all applicable standards and regulations.

As previously detailed, Biome Australia contracts its Activated Probiotics® products to be manufactured under GMP-licensed and TGA-compliant facilities with SIIT S.r.l (Italy) and Favea Group (Czech Republic) (contracted through Probiotical and Probi respectively). The GMP-quality raw materials Biome Australia uses come from both Probiotical S.p.A. (Italy) and Probi AB (Sweden). Final stability and release for supply testing is completed by Probiotical S.p.A. at its GMP licensed facility in Italy.

Biome Australia's nutraceutical products for Activated Nutrients® and Activated X performance are food supplements that are manufactured by Australian Vitamin and Sports Nutrition Pty Ltd (**AVS**) in NSW, Australia. AVS operates under a HACCP Food Safety Program and all of their staff are trained in good manufacturing practice. AVS sources all raw materials and manufactures and packages these products.

3.7.4 Import permits

Biome Australia holds an import permit with the Australian Department of Agriculture Water and the Environment for the importation of its products from overseas.

3.7.5 Permitted ARTG listing indications/claims and publications

At the time of listing a medicine on the ARTG, Biome Australia must certify that they hold information or evidence to support any indications and claims that it makes relating to the medicine. These indications must be exclusively drawn from a list of permitted indications for AUSTL listed medicines, as per the Therapeutic Goods (Permissible Indications) Determination (No. 1).

A summary of the ARTG permitted listing claims and evidence relied upon to substantiate those claims is detailed below. Biome Australia's live biotherapeutic products and a key nutraceutical product are supported by clinical evidence of efficacy. A number of its live biotherapeutic products are supported by placebo-controlled, double blind, randomised clinical trials on the finished products, while the efficacy of a number of other products are supported by clinical studies on their key active ingredients (see Figure 3.13). For more information, refer to Section 11.

Figure 3.13 – Approved ARTG listing indications/claims and supporting publications

Product name	ARTG listing number	Approved listing claims	Evidence relied upon to substantiate claims	Subject of the evidence
Biome IBS™ Probiotic	AUST L 315375	To help improve bowel regularity, To help relieve the symptoms of medically diagnosed Irritable Bowel Syndrome in adults, To help relieve abdominal bloating/ distention in adults	**Publication:** Pedersen N, Andersen NN, Végh Z, Jensen L, Ankersen DV, Felding M, et al. Ehealth: Low FODMAP diet vs Lactobacillus rhamnosus GG in irritable bowel syndrome. World J Gastroenterol **Publication:** Ducrotté P. Clinical trial: Lactobacillus plantarum 299v (DSM 9843) improves symptoms of irritable bowel syndrome. World J Gastroenterol [Internet]. 2012;18(30):4012. [Internet]. 2014;20(43):16215	Ingredients within product
Biome Advanced™ Probiotic	AUST L 315959	To help improve bowel regularity, To help promote healthy digestion, To help maintain beneficial gut flora during antibiotic use, To help restore beneficial gut flora after antibiotic use	**Publication:** Szajewska H, Kołodziej M. Systematic review with meta-analysis: Lactobacillus rhamnosus GG in the prevention of antibiotic-associated diarrhoea in children and adults. Aliment Pharmacol Ther [Internet]. 2015 Nov;42(10):1149–57.	Ingredient within product
Biome Daily™ Probiotic	AUST L 315958	To help maintain/support bowel regularity, To help enhance/promote healthy digestion, To help enhance/ improve/promote immune system function, To help reduce occurrence of common colds	**Publication:** Busch R, Gruenwald J, Dudek S. Randomized, double blind and placebo controlled study using a combination of two probiotic Lactobacilli to alleviate symptoms and frequency of common cold. Food Nutr Sci [Internet]. 2013;04(11):13–20. **Publication:** Berggren A, Lazou Ahrén I, Larsson N, Önning G. Randomised, double-blind and placebo-controlled study using new probiotic lactobacilli for strengthening the body's immune defence against viral infections. Eur J Nutr [Internet]. 2011 Apr 28;50(3):203–10.	Ingredients within product
Biome Iron+™ Probiotic	AUST L 315955	To help enhance absorption of dietary iron	**Publication:** Hoppe M, Önning G, Berggren A, Hulthén L. Probiotic strain Lactobacillus plantarum 299v increases iron absorption from an iron-supplemented fruit drink: A double-isotope cross-over single-blind study in women of reproductive age. Br J Nutr. 2015;114(8):1195–202 **Publication:** Hoppe M, Önning G, Hulthén L. Freeze-dried Lactobacillus plantarum 299v increases iron absorption in young females - Double isotope sequential single-blind studies in menstruating women. PLoS One. 2017;12(12):1–15.	Ingredient within product Exact combination of probiotic strains and nutrients used in Biome Iron
Biome Daily Kids™ Probiotic	AUST L 317898	To help reduce occurrence of symptoms of medically diagnosed Irritable Bowel Syndrome, To help maintain beneficial gut flora during antibiotic use, To help enhance immune system function, To help reduce the occurrence of common colds, To help decrease common cold duration	**Publication:** Gawrońska A, Dziechciarz P, Horvath A, Szajewska H. A randomized double-blind placebo-controlled trial of Lactobacillus GG for abdominal pain disorders in children. Aliment Pharmacol Ther. 2007;25(2):177–84 **Publication:** Liu S, Hu P, Du X, Zhou T, Pei X. Lactobacillus rhamnosus GG supplementation for preventing respiratory infections in children: A Meta-analysis of Randomized, Placebo-controlled Trials. Indian Pediatr [Internet]. 2013 Apr 25;50(4):377–81, 3. **Publication:** Szajewska H, Canani RB, Guarino A, Hojsak I, Indrio F, Kolacek S, et al. Probiotics for the Prevention of Antibiotic-Associated Diarrhea in Children. J Pediatr Gastroenterol Nutr. 2016 Mar;62(3):495–506.	Ingredients within product
Biome Prenatal+™ Probiotic	AUST L 316500	To help maintain healthy foetal CNS/brain development, To help promote healthy foetal development, To help support healthy pregnancy, To help promote maternal health, To help prevent neural tube defects such as spina bifida and/or anencephaly, To help promote preconception health	**Publication:** The Royal Australian and New Zealand College of Obstetricians and Gynaecologists. Vitamin and Mineral Supplementation and Pregnancy [Internet]. 2019. Available from: https://ranzcog.edu.au/RANZCOG_SITE/media/RANZCOG-MEDIA/Women%27s Health/Statement and guidelines/Clinical-Obstetrics/Vitamin-and-mineral-supplementation-in-pregnancy-(C-Obs-25).pdf?ext=.pdf	Ingredients within product
Biome Osteo™ Probiotic	AUST L 315633	To help promote bone health in adults	**Publication:** Jansson PA, Curiac D, Lazou Ahrén I, Hansson F, Martinsson Niskanen T, Sjögren K, et al. Probiotic treatment using a mix of three Lactobacillus strains for lumbar spine bone loss in postmenopausal women: a randomised, double-blind, placebo-controlled, multicentre trial. Lancet Rheumatol [Internet]. 2019;1(3):e154–62.	Exact combination of probiotic strains used in Biome Osteo

Product name	ARTG listing number	Approved listing claims	Evidence relied upon to substantiate claims	Subject of the evidence
Biome Breathe™ Probiotic	AUST L 355438	To help stimulate a healthy immune system response in children	**Publication:** Drago L, De Vecchi E, Gabrieli A, De Grandi R, Toscano M. Immunomodulatory effects of Lactobacillus salivarius LS01 and Bifidobacterium breve BR03, alone and in combination, on peripheral blood mononuclear cells of allergic asthmatics. Allergy, Asthma Immunol Res. 2015;7(4):409–13. Internal data on unpublished clinical trial	Ingredient within product Exact combination of probiotic strains used in Biome Breathe
Biome Lift™ Probiotic	AUST L 315960	To help support healthy mood balance, To enhance sleep quality, To help reduce cognitive fatigue	**Publication:** Marotta A, Sarno E, Casale A Del, Pane M, Mogna L, Amoruso A, et al. Effects of probiotics on cognitive reactivity, mood, and sleep quality. Front Psychiatry. 2019;10(164):1–11.	Exact combination of probiotic strains used in Biome Lift
Biome Eczema™ Probiotic	AUST L 355433	To help relieve itchy/ prickling skin associated with mild eczema, To help relieve symptoms of mild eczema, To help reduce occurrence of symptoms of eczema	**Publication:** Drago L, Toscano M, De Vecchi E, Piconi S, Iemoli E. Changing of fecal flora and clinical Effect of L. salivarius LS01 in adults with atopic dermatitis. J Clin Gastroenterol. 2012;46(S1):56–63, Niccoli AA, Artesi AL, Candio F, Ceccarelli S, **Publication:** Niccoli AA, Artesi AL, Candio F, Ceccarelli S, Cozzali R, Ferraro L, et al. Preliminary results on clinical effects of probiotic Lactobacillus salivarius LS01 in children affected by atopic dermatitis. J Clin Gastroenterol. 2014;48(S1):S34–6.	Ingredient within product
Activated X Performance (AXP) Recovery Probiotic	AUST L 316346	To help support healthy muscle contraction function, To help promote healthy muscle function, To help reduce mild muscle inflammation, To assist post exercise recovery, To help improve muscle recovery time	**Publication:** Jäger R, Purpura M, Stone JD, Turner SM, Anzalone AJ, Eimerbrink MJ, et al. Probiotic Streptococcus thermophilus FP4 and Bifidobacterium breve BR03 supplementation attenuates performance and range-of-motion decrements following muscle damaging exercise. Nutrients. 2016;8(10):1–11.	Exact combination of probiotic strains used in AXP Recovery Probiotic
Activated Nutrients Slim Down	N/A FSANZ regulated	May contribute to weight loss or weight management	Montelius C, Erlandsson D, Vitija E, Stenblom EL, Egecioglu E, Erlanson-Albertsson C. Body weight loss, reduced urge for palatable food and increased release of GLP-1 through daily supplementation with green-plant membranes for three months in overweight women. Appetite [Internet]. 2014;81:295–304. Rebello CJ, Chu J, Beyl R, Edwall D, Erlanson-Albertsson C, Greenway FL. Acute Effects of a Spinach Extract Rich in Thylakoids on Satiety: A Randomized Controlled Crossover Trial. J Am Coll Nutr. 2015;34(6):470–7. Stenblom EL, Egecioglu E, Landin-Olsson M, Erlanson-Albertsson C. Consumption of thylakoid-rich spinach extract reduces hunger, increases satiety and reduces cravings for palatable food in overweight women. Appetite [Internet]. 2015;91:209–19.	Ingredient within product

3.8 GROWTH STRATEGIES

Biome Australia has immediate term, short term and long term growth strategies that focus on the development of its sales revenue and the sell-through of its products in existing and new markets.

Immediate term (12 months)

Biome Australia's immediate term growth strategy is to focus sales and marketing efforts on improving sell-through in all existing accounts and increase distribution into additional pharmacies within its existing community pharmacy banner groups.

Biome Australia has plans to launch a female-specific live biotherapeutic probiotic product under Activated Probiotics® in early 2022. The product is called Biome Her Probiotic (see Figure 3.6).

Biome Australia has diversified its distribution channels to include independent health practitioners. This channel has been recently launched in Australia, the United Kingdom and New Zealand and will be supported with specific marketing and education to grow this channel.

Short term (2-5 Years)

Biome Australia has developed a growth strategy within the Australian community pharmacy channel that educates pharmacists to recommend Biome Australia's Activated Probiotics® products to be sold with (adjunct to) a number of medications they commonly prescribe to their patients.

Biome Australia aims to grow its sales revenue in this channel over 2-5 years by educating pharmacists and doctors about Biome Australia's products, with the intention of motivating them to recommend Biome Australia's products to their patients.

Biome Australia intends to grow its European sales over the next 2-5 years by increasing the number of distributors in the United Kingdom, increasing marketing spend and recruiting and training additional sales and education staff.

Biome Australia will continue clinical research and development with the goal of bringing new products to market and expanding the application of existing products to further develop the Company's sales channels.

Long term (5 years +)

Biome Australia intends to explore and develop distribution opportunities in new markets across Europe, North America and Asia-Pacific in the long term.

Biome Australia will continue to undertake research and development of new and existing products to further develop the Company's product range and sales channels.

Biome Australia aims to explore further optimisation of manufacturing processes.

3.9 INTELLECTUAL PROPERTY

Trade Marks for Biome Australia's Activated Nutrients® brand are registered in Australia, USA and China. Protection in other jurisdictions is available under the Madrid Protocol.

Trade Marks for Biome's Activated Probiotics® brand are registered across Australia and USA. Protection in other jurisdictions is available under the Madrid Protocol and registration is pending for the United Kingdom and China.

Refer to the Intellectual Property Report in Section 10 for more detail on the Biome Australia Group trade marks.

In regards to the formulations of Activated Probiotics® products, Activated Nutrients® products and Activated X Performance's nutraceutical products:

Activated Probiotics®:

- Biome Australia owns the proprietary formulation of 5 Activated Probiotics® products (see Figure 3.14) that use strains licensed from both Probi AB and Probiotical S.p.A. under exclusive product supply agreements with Probiotical S.p.A..
- Biome Australia has multi-year exclusive product supply agreements with Probi AB or Probiotical S.p.A. for a further four Activated Probiotics® products.
- Biome Australia has one Activated Probiotics® product with an ongoing non-exclusive supply agreement with Probi AB, namely with Biome Iron Probiotic (see Figure 3.14).

Activated Nutrients®:

Biome Australia owns the proprietary formulation for eight of the Activated Nutrients® products on the market, with the exception of Slim Down, which was released following an exclusive supply agreement for its patented active ingredient Appethyl® (thylakoids) with Green Leaf Medical AB.

Activated X Performance's nutraceutical products:

- Biome Australia owns the proprietary formulation for both of the Activated X Performance's nutraceutical products on the market (namely, Energy Formula and Power Protein).
- The live biotherapeutic product, AXP Recovery Probiotic, is supplied under an exclusive supply agreement (see Figure 3.14).

The below table provides a snapshot of the ownership, licensing and supply arrangements in place for each of Biome Australia's Activated Probiotics®, Activated Nutrients® and Activated X Performance's nutraceutical products on the market.

Figure 3.14 – Intellectual property in the products

Activated Probiotics®

Product name	Place of manufacture	Manufacturer	Ownership of product/formulation Licensing of product/formulation	Material contract reference
Biome IBS™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia owns, in conjunction with Probiotical S.p.A., the proprietary formulation of this product with strains licensed from both Probi AB and Probiotical S.p.A., Biome Australia's strategic partners. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A. on the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Advanced™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia owns, in conjunction with Probiotical S.p.A., the proprietary formulation of this product with strains from both Probi AB and Probiotical S.p.A. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A on the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Daily™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia owns, in conjunction with Probiotical S.p.A., the proprietary formulation of this product with strains licensed from both Probi AB and Probiotical S.p.A. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A on the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Iron+™ Probiotic	Italy	Probi AB	Biome Australia does not own any intellectual property in this product. Biome Australia has an ongoing non-exclusive supply agreement with Probi AB, requiring 12 months notice to end the agreement.	Refer to Section 9.2 for a summary of the Probi Supply Agreement.
Biome Daily Kids™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia owns the proprietary formulation of this product, in conjunction with Probiotical S.p.A., with strains licensed from both Probi AB and Probiotical S.p.A. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A on the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Prenatal+™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia owns, in conjunction with Probiotical S.p.A., the proprietary formulation of this product with strains licensed from both Probi AB and Probiotical S.p.A. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A on the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Osteo™ Probiotic	Italy	Probi AB	Biome Australia does not own any intellectual property in this product. Exclusive supply agreement with Probi AB until Dec 2022 Biome Australia has a non-exclusive supply agreement from Probi AB beyond Dec 2022, requiring 12 months notice to end the agreement.	Refer to Section 9.2 for a summary of the Probi Supply Agreement.
Biome Breathe™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia does not own any intellectual property in this product. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A. for the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Lift™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia does not own any intellectual property in this product. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A. for the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
Biome Eczema™ Probiotic	Italy	Probiotical S.p.A.	Biome Australia does not own any intellectual property in this product. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A. for the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.

Activated Nutrients®

Product name	Place of manufacture	Manufacturer	Licensing of product/formulation	Material contract reference
Top Up Men's Multivitamin+	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Top Up Women's Multivitamin+	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Top Up 50+ Multivitamin+	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Grow Up Kids Multivitamin+	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Tone Up Coconut Protein	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Build Up Vanilla Protein	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Power Up Energy Powder	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
Slim Down	Australia	Green Leaf Medical AB	Biome Australia does not own any intellectual property in this product. Biome Australia has an exclusive supply agreement with Green Leaf Medical AB for the product for 3 years commencing in 2018 with an automatic 3 year extension.	Refer to Section 9.3 for a summary of the Greenleaf Supply Agreement.
Fill Up	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.

Activated X Performance (AXP)

Name	Place of manufacture	Manufacturer	Licensing of product/formulation	Material contract reference
AXP Recovery Probiotic	Italy	Probiotical S.p.A.	Biome Australia does not own any intellectual property in this product. Biome Australia has a 5 year exclusive supply agreement with Probiotical S.p.A. for the product commencing from August 2021	Refer to Section 9.1 for a summary of the Probiotical Supply Agreement.
AXP Energy Formula	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.
AXP Power Protein	Australia	AVS Nutrition Australia	Biome Australia owns the proprietary formulation of this product	Refer to Section 9.4 for a summary of the AVS Supply Terms.



4. Financial information

4. Financial information

4.1 INTRODUCTION

Biome Australia Limited (**Biome Australia**) is an unlisted Australian public company that was incorporated on 6 July 2018 and is the holding company for its fully owned subsidiaries Biome Australia Trading Pty Ltd and Biome Australia IP Pty Ltd, both incorporated on 24 September 2018.

The Financial Information contained in this Section is derived from the consolidated financial information for Biome Australia and its controlled entities.

On 18 October 2021 the Company undertook a restructure of its share capital whereby 342,088,475 shares were consolidated into 148,733,950 ordinary shares. This share consolidation does not impact the Financial Information set out below elsewhere in this Prospectus except for any per-share data shown.

4.1.1 Financial information

The financial information contained in this Section 4 includes historical financial information for the Company for the financial years ended 30 June 2019 (**FY2019**), 30 June 2020 (**FY2020**) and 30 June 2021 (**FY2021**).

This Section 4 contains a summary of:

- statutory historical financial information, comprising the:
  - The Company's statutory historical consolidated income statements for FY2019, FY2020 and FY2021 (**Statutory Historical Income Statements**);
  - The Company's statutory historical consolidated cash flow statements for FY2019, FY2020 and FY2021 (**Statutory Historical Cash Flows**); and
  - The Company's statutory historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**),

(together, the **Statutory Historical Financial Information**); and

- pro forma historical financial information, comprising the:
  - The Company's pro forma historical consolidated income statement for FY2021 (**Pro Forma Historical Income Statement**);
  - The Company's pro forma historical consolidated cash flow statement for FY2021 (**Pro Forma Historical Cash Flow**); and
  - The Company's pro forma historical consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**),

(together, the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and Pro Forma Historical Financial Information is together referred to as the "**Financial Information**".

The Company has a 30 June financial year end.

In addition, Section 4 summarises:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- information regarding certain non-IFRS financial measures (see Section 4.2.3);
- the key pro forma operating and financial metrics (see Section 4.3);
- the pro forma adjustments to the Statutory Historical Financial Information (see Sections 4.3, 4.4 and 4.5);
- information regarding liquidity and capital resources (see Section 4.5.1);
- information regarding the Company's contractual obligations, commitments and contingent liabilities (see Section 4.5.2);
- management's discussion and analysis of the pro forma Historical Financial Information (see Section 4.6);
- a description of the Company's critical accounting policies (see Section 4.7); and
- The Company's dividend policy (see Section 4.8).

The information in Section 4 should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in Section 4 and the Appendices are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

Investors should note that historical results are not a guarantee of future performance.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview and preparation and presentation of the Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial position of the Company.

Given the fact that the Company is in a growth stage of development, there are significant uncertainties associated with forecasting the future revenues and expenses of the Company. On this basis, the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in the Prospectus.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board and the Company's accounting policies. The Company's significant accounting policies are described in **Appendix A**.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of AAS other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect (a) the exclusion of certain transactions that occurred in the relevant periods and (b) the impact of certain transactions as if they had occurred on or before 30 June 2021.

The Pro Forma Historical Financial Information does not reflect the actual financial results and cash flows of the Company for the periods indicated. The Directors of the Company believe that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

The Financial Information is presented in an abbreviated form and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 4 describes certain non-IFRS financial measures that the Company uses to manage and report on the business that are not defined under or recognised by AAS or IFRS.

Independent Limited Assurance Report

The Financial Information (as defined above) has been reviewed by Moore Australia (Vic) Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document as stated in its Independent Limited Assurance Report set out in Section 8. Investors should note the scope and limitations of the Independent Limited Assurance Report.

4.2.2 Preparation of the Financial Information

The Financial Information has been presented on both a statutory and a pro forma basis.

The Statutory Historical Financial Information for FY2019, FY2020 and FY2021 for the Company has been derived from the FY2019, FY2020 and FY2021 audited general purpose financial statements of the Company.

In deriving the above amounts, certain reclassifications were made for the consistency of presentation. The audited general purpose financial statements of the Company for FY2019, FY2020 and FY2021 were audited by JTP Assurance, who issued unmodified audit opinions in respect of each of these financial statements. Without modifying their opinions, JTP Assurance included an emphasis of matter paragraph in their Audit Reports on a material uncertainty due to going concern. This was on the basis of historical losses and negative cash flows.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of The Company and adjusted for the effects of the pro forma adjustments.

Section 4.3 Figure 4.2 sets out the pro forma adjustments made to the Statutory Historical Income Statement and a reconciliation of NPAT in the Statutory Historical Income Statement to the NPAT of the Pro Forma Historical Income Statement.

Section 4.4 Figure 4.4 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Operating Cash Flows to the Pro Forma Historical Operating Cash Flows. Pro forma adjustments were made to the Statutory Historical Cash Flows to reflect the cash impact of the pro forma adjustments to the Statutory Historical Income Statements.

Section 4.5 Figure 4.5 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of the proceeds from the issue of

shares post 30 June 2021, the issue of shares on conversion of performance rights issued to management upon successful listing of the Company and the proceeds of the Offer and related transaction costs as if they had occurred as at 30 June 2021.

In preparing the Financial Information, The Company's accounting policies have been consistently applied throughout the periods presented.

Investors should note that past results are not a guarantee of future performance.

Going Concern

The Financial Information for FY2021 have been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Company will be able to continue as a going concern.

4.2.3 Explanation of certain non-IFRS financial measures

To assist in the evaluation of the performance of the Company, certain measures are used to report on the Company that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Gross profit** is calculated as total revenue less cost of revenue;
- **EBITDA** is earnings/ (losses) before interest (net finance income), taxation, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. The Company also calculates EBITDA margin, which is EBITDA expressed as a percentage of total revenue. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of the Company's operations;
- **EBIT** is earnings/ (losses) before interest (net finance income) and taxation;
- **Operating cash flow** is EBITDA after the removal of non-cash items in EBITDA (e.g. share-based payment expenses and movements in provisions) and changes in working capital. The Company uses operating cash flow to indicate the level of operating cash flow generated from EBITDA;
- **NPAT** is Net Profit (or loss) after tax.
- **Working capital** includes trade and other receivables and other current assets less trade and other payables, other liabilities and provisions; and
- **Other income** includes R&D tax incentives and Covid-19 Government incentives.

Although the Directors believe that these measures provide useful information about the financial performance of the Company, they should be considered as supplements to the income statement or cash flow statement measures that have been presented in accordance with AAS and IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way the Company calculated these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

4.3 STATUTORY HISTORICAL AND PRO FORMA HISTORICAL INCOME STATEMENTS

Figure 4.1 sets out a summary of the Statutory Historical Income Statements for FY2019, FY2020 and FY2021 and Pro Forma Historical Income Statements for FY2021 of the Company.

The Directors believe that it is unlikely that the Company would have undertaken a listing or met the requirements for being a listed Company in FY2019 or FY2020. The Directors consider that any Pro Forma Information, including any adjustments for the incremental costs of being a listed company, is likely to be misleading for those periods.

The FY2021 Pro Forma Historical Income Statement is reconciled to the FY2021 historical income statement in Section 4.3.1 and shows the result as if the Company had already been listed for that year (excluding the effects of the Offer).

Figure 4.1 Statutory Historical and Pro Forma Historical Income Statements

$ thousands		Statutory	Statutory	Statutory	Pro Forma
Year ended 30 June	Notes	FY2019	FY2020	FY2021	FY2021
Revenue		386	832	2,318	2,318
Cost of revenue		(165)	(617)	(1,139)	(1,139)
Gross Profit		**221**	**215**	**1,179**	**1,179**
Gross Margin (ex abnormals)	1	*57%*	*54%*	*57%*	*57%*
Other income	2	1	336	431	431
Employee benefits expenses	3	(943)	(1,334)	(1,968)	(2,499)
Non-cash share based payments		(174)	-	(2,901)	(1,200)
Operating expenses		(593)	(1,415)	(1,594)	(1,424)
Incremental listed costs	4	-	-	-	(125)
Other expenses		(520)	(395)	(345)	(345)
Total operating expenses		**(2,230)**	**(3,144)**	**(6,808)**	**(5,593)**
EBITDA		**(2,008)**	**(2,593)**	**(5,198)**	**(3,983)**
EBITDA (Excl. non-cash share based payments)		*(1,834)*	*(2,593)*	*(2,297)*	*(2,783)*
Depreciation and amortisation		-	(538)	(107)	(107)
EBIT		**(2,008)**	**(3,131)**	**(5,305)**	**(4,090)**
Finance costs		(4)	(31)	(76)	(76)
Profit before income tax		**(2,012)**	**(3,162)**	**(5,381)**	**(4,166)**
Income tax expense		-	-	-	-
NPAT		**(2,012)**	**(3,162)**	**(5,381)**	**(4,166)**

Notes:

1. Excludes inventory write-offs in FY2020 of $0.23 million and FY2021 of $0.13 million that are related to Covid-19 which are considered abnormal.
2. Other income includes R&D tax incentives and Government grants and subsidies.
3. Employee benefits expenses has been increased in the FY2021 Pro Forma for incremental management and director salaries post IPO.
4. Incremental listed costs represent estimated annual costs of being a listed public company and have been included in the FY2021 Pro Forma income statement.

4.3.1 FY2021 Pro forma adjustments to the Statutory Historical Income Statement

Figure 4.2 sets out the pro forma adjustments that have been made to the FY2021 Statutory Historical Income Statement.

Figure 4.2: Pro forma adjustments to the Statutory Historical Income Statement

$ thousands

Period	Notes	FY2021
Statutory Employee benefits expenses		(4,869)
Share based payment	3	1,701
Increase in Management salaries	1	(135)
Increase in operational salaries including reclassification of consultants	2	(396)
Pro Forma employee benefits expenses		**(3,699)**
Statutory Operating expenses		(1,594)
Reclassification of consultants to operational employee benefits	2	170
Pro Forma operating expenses		**(1,424)**
Statutory Incremental listed costs		-
Annual cost of Listed Entity	4	(125)
Pro Forma incremental listed costs		(125)
Statutory NPAT		(5,381)
Addback Share based payment		1,701
Increase in Management salaries	1	(135)
Increase in Operational Salaries	2	(226)
Incremental listed costs	4	(125)
Tax impact of Pro Forma adjustments	5	0
Pro Forma NPAT		**(4,166)**

Notes:

1. Employee benefits expenses has been increased in the FY2021 Pro Forma for incremental management and director salaries post IPO.
2. Increase in employee benefit expenses post IPO partially offset by a reduction in operating expenses due to the reclassification of consultant costs.
3. Non-cash share based payments of $1.7 million in the FY2021 Statutory amounts has been excluded in the FY2021 Pro Forma amount as the Directors believe this provides a more reasonable reflection of the normalised operating cost for that period.
4. Incremental listed costs represent estimated annual costs of being a listed public company and have been adjusted in the Pro Forma Historical Income Statements for the period prior to the IPO.
5. No tax impact of the Pro Forma adjustments has been estimated as the Company did not pay income tax or record a deferred tax asset in respect of accumulated losses in FY2021.

4.4 SUMMARY OF STATUTORY HISTORICAL AND PRO FORMA HISTORICAL CASH FLOWS

Figure 4.3 sets out the Company's Summarised Statutory Historical Cash Flows for FY2019, FY2020 and FY2021 and the FY2021 Pro Forma Historical Cash Flow. The Pro Forma cash flow information has been constructed using the indirect method (i.e. reconciling EBITDA to operating cash flows).

Figure 4.3: Summary of Statutory Historical and Pro Forma Historical Cash Flows

$ thousands		Statutory	Statutory	Statutory	Pro Forma
Year ended 30 June	Notes	FY2019	FY2020	FY2021	FY2021
EBITDA	1	(2,008)	(2,593)	(5,198)	(3,983)
Changes in working capital & other movements	2	(76)	(626)	2,805	1,105
Operating cash flow		**(2,084)**	**(3,220)**	**(2,393)**	**(2,878)**
Capital expenditure	3	(520)	(180)	(29)	(29)
Financing activities		3,084	3,369	2,583	2,583
Net cash flow		**480**	**(31)**	**161**	**(324)**

Notes:

1. Taken from Figure 4.1.
2. In Statutory FY2021, this amount includes the impact of $2.9 million in non-cash share based payments.
3. Capital expenditure includes purchase of tangible fixed assets and capitalisation of development expenses.

Figure 4.4 sets out the Pro Forma adjustments that have been made to the Statutory Historical Operating Cash Flows to reflect the cash impact of the Pro Forma earnings adjustments. These adjustments are summarised and explained in the table below.

Figure 4.4: Pro forma adjustments to the Statutory Historical Operating Cash Flows

$ thousands

Period	Notes	FY2021
Statutory net operating cash flow	1	(2,393)
Incremental listed costs	2	(125)
Management salaries	3	(135)
Operating cash flow of Biome Australia operations	4	(225)
Pro Forma net operating cash flow		**(2,878)**

Notes:

1. Taken from Figure 4.3.
2. Incremental listed costs represent estimated annual costs of being a listed public company and have been adjusted in the Pro Forma Historical Income Statements for the period prior to the IPO.
3. Employee benefits expenses have been increased in the FY2021 Pro Forma for incremental management and director salaries post IPO.
4. Operating cash flow of the operations in Biome Australia have been included in the Pro Forma Historical Cash Flows on the basis that these are additional operational costs to support the Company post IPO as an ASX listed entity.

4.5 STATUTORY HISTORICAL STATEMENTS OF FINANCIAL POSITION AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

Figure 4.5 sets out the Statutory Historical Statement of Financial Position of the Company and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position for the Company. These adjustments take into show the effect of:

- Other Pro Forma Adjustments – being the issue of pre-IPO shares post balance date of 30 June 2021 and the issue of shares on conversion of performance rights issued to management upon successful listing of the Company.
- Impact of the Offer – being the proceeds of the Offer and related transaction costs as if they had occurred as at 30 June 2021.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its financial position upon Completion of the Offer or at a future date. Further information on the sources and uses of funds of the Offer is contained in Section 7.4.

Figure 4.5: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2021

$ thousands	Notes	Statutory Historical Balance Sheet 30-June-2021	Other Pro Forma Adjustments	Impact of the Offer	Pro Forma Historical Balance Sheet 30-June-2021
Current assets					
Cash and cash equivalents	1,3,4	610	1,581	7,010	9,201
Trade and other receivables		738			738
Other assets		1,046			1,046
Total current assets		**2,394**	**1,581**	**7,010**	**10,985**
Non-current assets					
Plant and equipment		106			106
Total non-current assets		**106**			**106**
Total assets		**2,500**	**1,581**	**7,010**	**11,091**
Current liabilities					
Trade and other payables		686			686
Borrowings		16			16
Current tax liabilities (GST)		19			19
Employee benefits		134			134
Total current liabilities		**855**			**855**
Non-current liabilities					
Borrowings		65			65
Total non-current liabilities		**65**			**65**
Total liabilities		**920**			**920**
Net assets		**1,580**	**1,581**	**7,010**	**10,171**
Equity					
Issued capital	1,2,4,5	9,830	2,437	8,531	20,798
Reserves	2,4	1,643	(745)	(409)	489
Accumulated losses	3,5	(9,893)	(111)	(1,111)	(11,115)
Total equity		**1,580**	**1,581**	**7,010**	**10,171**

Notes:

Other Pro Forma Adjustments comprise:

1. Proceeds from a pre-IPO raising of approximately $1.7 million for the issue of 12,163,693 shares (on a post consolidation basis) at $0.138 per share. The pre-IPO raise was completed on 31 August 2021. This amount was credited to Issued capital.

2. On 3 August 2021 and 18 August 2021, a further $0.8 million from the issue of 5,499,003 shares on a post consolidation basis at $0.138 per share on conversion of performance rights issued to management was recorded against Issued capital. The conversion was recorded against share based payment reserves.
3. On 14 September 2021, the Company entered into a Deed of Settlement with a party that was providing corporate advisory services. The Deed releases the Company from any further obligations for fees to be paid to that party.

Impact of the Offer adjustments comprise:

4. Cash and cash equivalents are expected to increase by approximately $7.0 million as a result of proceeds from the Offer, offset by the cash costs of the Offer (approximately $1.0 million).
5. The total costs of the Offer are $1.4 million and include the cash costs of the offer as well as non-cash costs of the Offer relating to two tranches of 2,131,404 options each, issued to the Lead Manager subject to the successful Listing of the Company on the ASX. Those Options have an estimated fair value of $0.41 million using a binomial options valuation model with the following inputs:
   - Strike price of $0.30 and $0.40, respectively
   - Volatility 88.16%
   - Risk free rate 0.215%

The offsetting entry for the cost of the Options has been recorded in Reserves.

6. Of the total costs of the Offer, it has been assumed that the capitalisable costs involved in the preparation and implementation of the Prospectus will be $1.0 million and will be included in equity as a cost of the capital raise. The balance of $0.4 million of the offer costs are expensed and have been recorded against accumulated losses. No deferred tax asset has been recognised in respect of Offer costs, consistent with no deferred tax asset being recognised in the FY2021 Statutory Historical Balance Sheet.

4.5.1 Liquidity and capital resources

Following Completion of the Offer, the Company will have, on a pro forma basis, cash of $9.2 million as at 30 June 2021 arising from the Offer and the pre-IPO raising.

The Company expects that it will have sufficient cash to meet its short and medium term operational requirements and other business needs.

As at 30 June 2021, the Company's borrowings comprised of a chattel mortgage of approximately $0.07 million.

4.5.2 Contractual obligations, commitments and contingent liabilities

The Company has no material contractual, commitments or contingent liabilities as at the Prospectus Date.

4.6 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

This Section 4.6 includes a discussion of key factors that affected the Company's operating and financial performance during the period of the Historical Financial Information

The discussion in this Section focuses on the FY20219 and FY2020 Statutory Historical Information together with the FY2021 Pro Forma financial information. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected the Company's historical operating and financial performance, or everything that may affect the Company's operations and financial performance in the future. The information in this Section 4.6 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

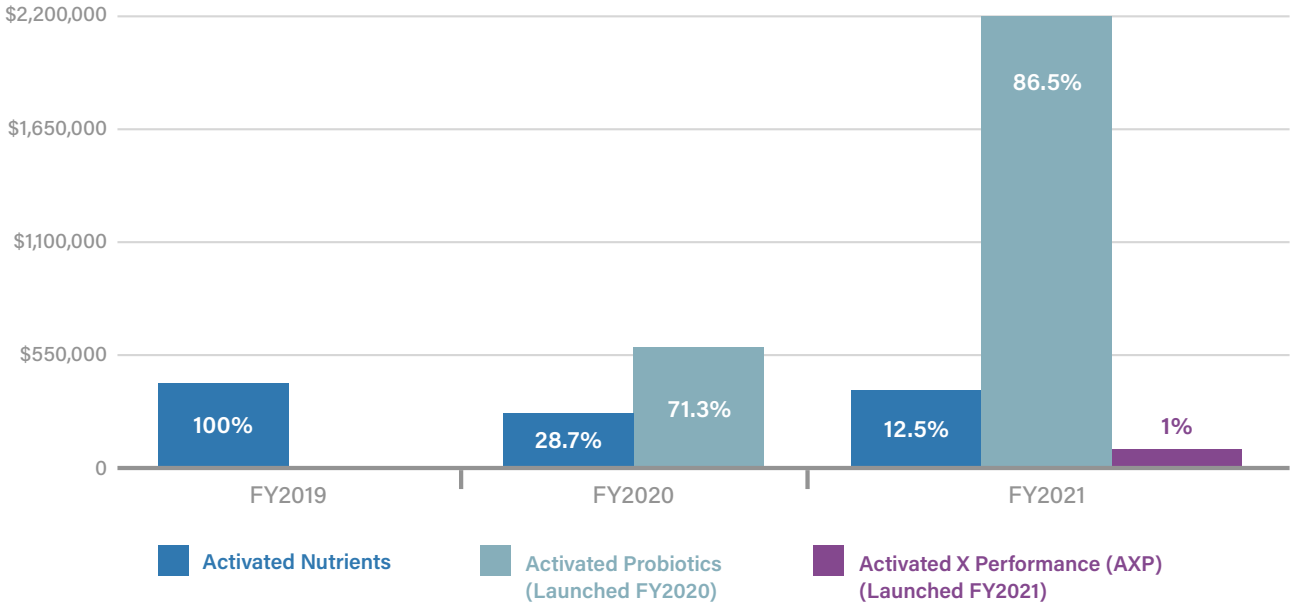
4.6.1 Revenue

The Company generates its revenue from three Company owned brands:

- Activated Nutrients®, a range of predominantly certified organic nutrition products;
- Activated Probiotics®, a range of clinically researched condition specific probiotics; and
- Activated X Performance or AXP, HASTA™ tested sports performance probiotic and nutrition products.

Figure 4.6 below sets out the Company's revenue composition for FY2019, FY2020 (Statutory) and FY2021 (Pro Forma).

Figure 4.6: Revenue composition

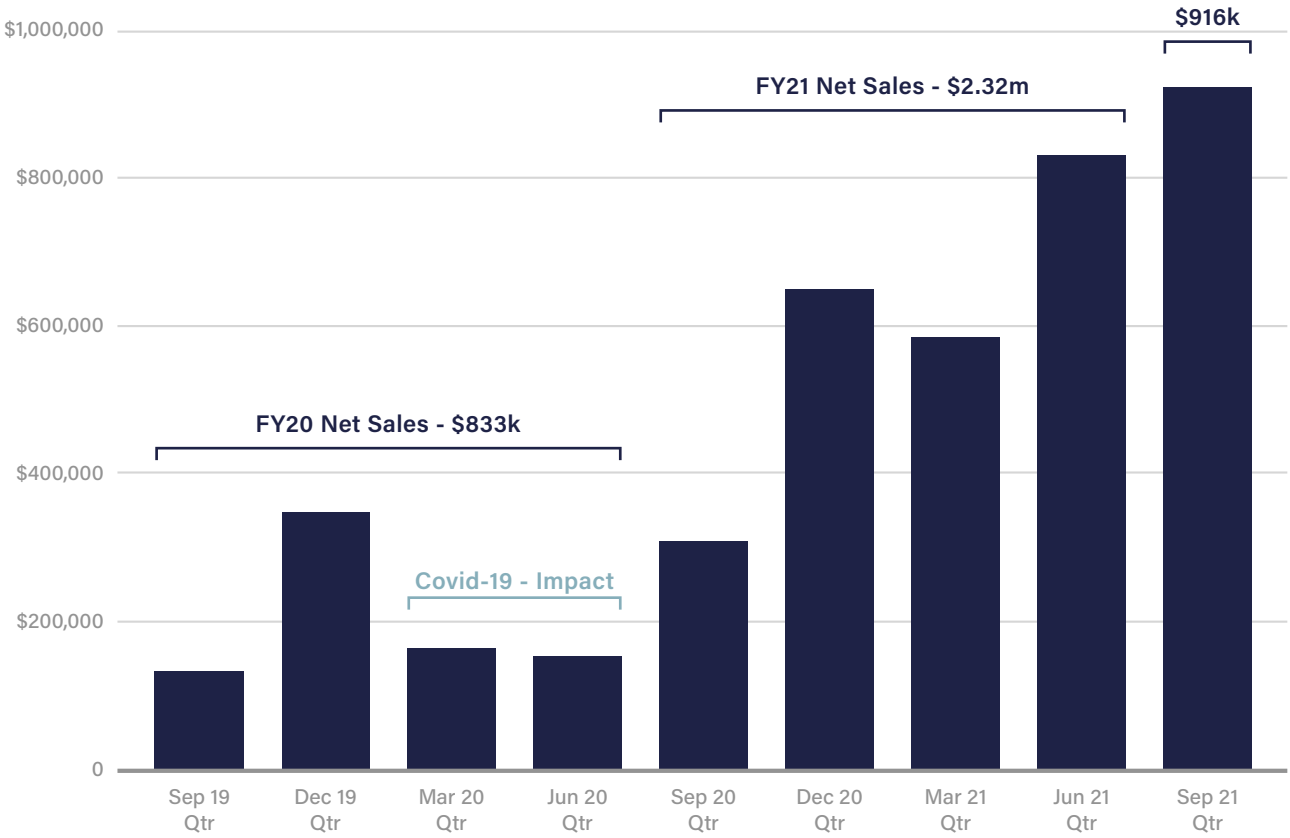


In FY2019, all sales were derived from the sale of Activated Nutrients® products.

During FY2020, the Activated Probiotics® range was launched and accounted for 71% of total sales for the full financial period, and 87% in FY2021 subsequently. Activated X Performance was launched and established in FY2021; its growth is still in its infancy stage.

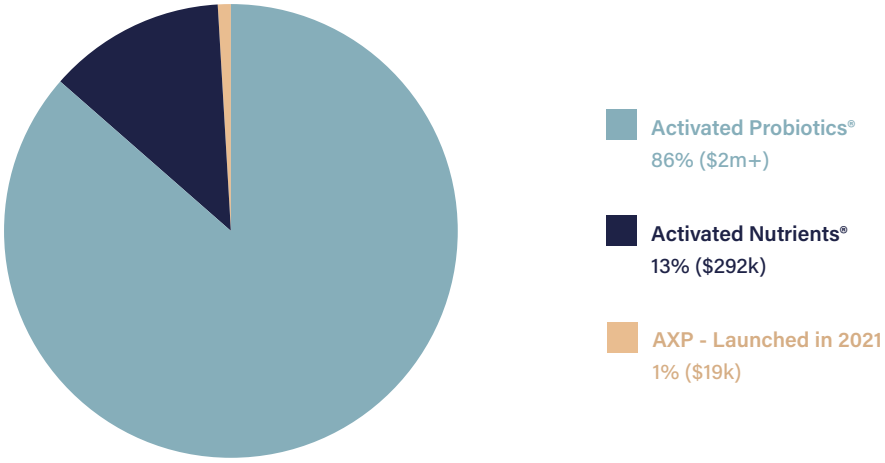
Figure 4.7: Quarterly Sales

Sales have grown from $0.17 million in the June quarter 2020 to approximately $0.83 million in the June quarter 2021, increasing 388% year on year. The trend for sales growth continues into the September quarter 2021, with net sales of $0.92 million in the quarter.



The below graph depicts sales by brand.

FY2021 Sales by Brand

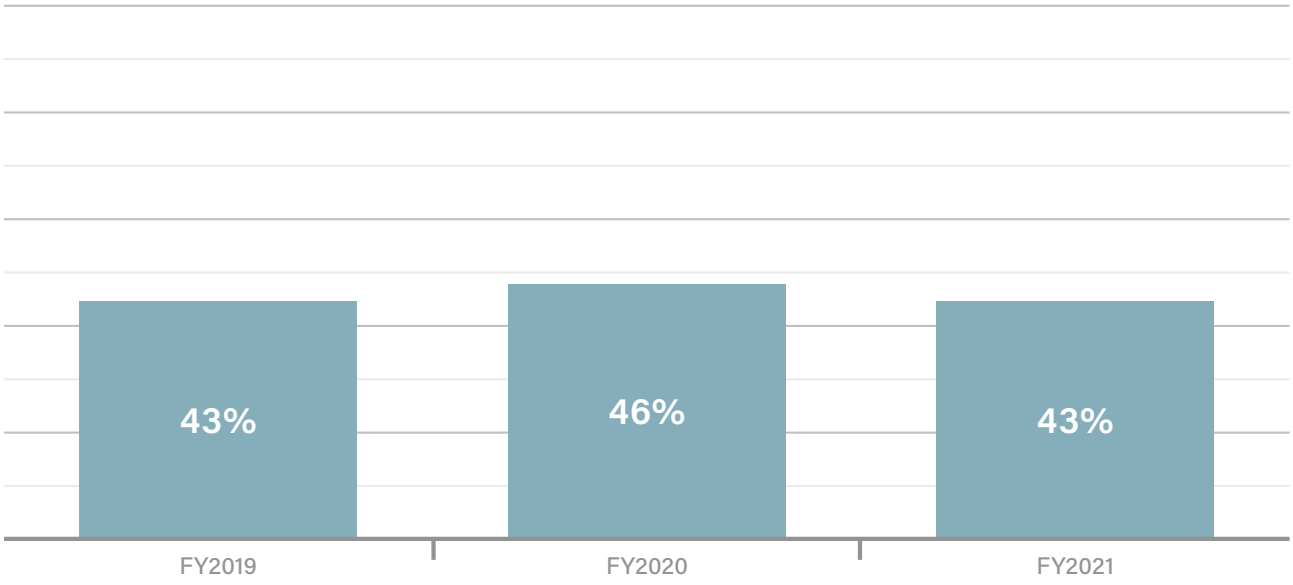


4.6.2 Cost of Sales* and Gross Margin*

Cost of Sales is defined as the direct costs of producing or acquiring the goods sold by the Company. This amount includes the cost of raw materials, product packaging and finishing, and associated import costs. Also included in cost of sales and gross margins as stated in Figure 4.1 are inventory write-offs in FY2020 $0.23 million and FY2021 $0.13 million that are related to COVID-19. The charts that follow are adjusted to exclude the impact of the inventory write offs which are considered abnormal. (*adjusted for Covid-19 related inventory write-offs).

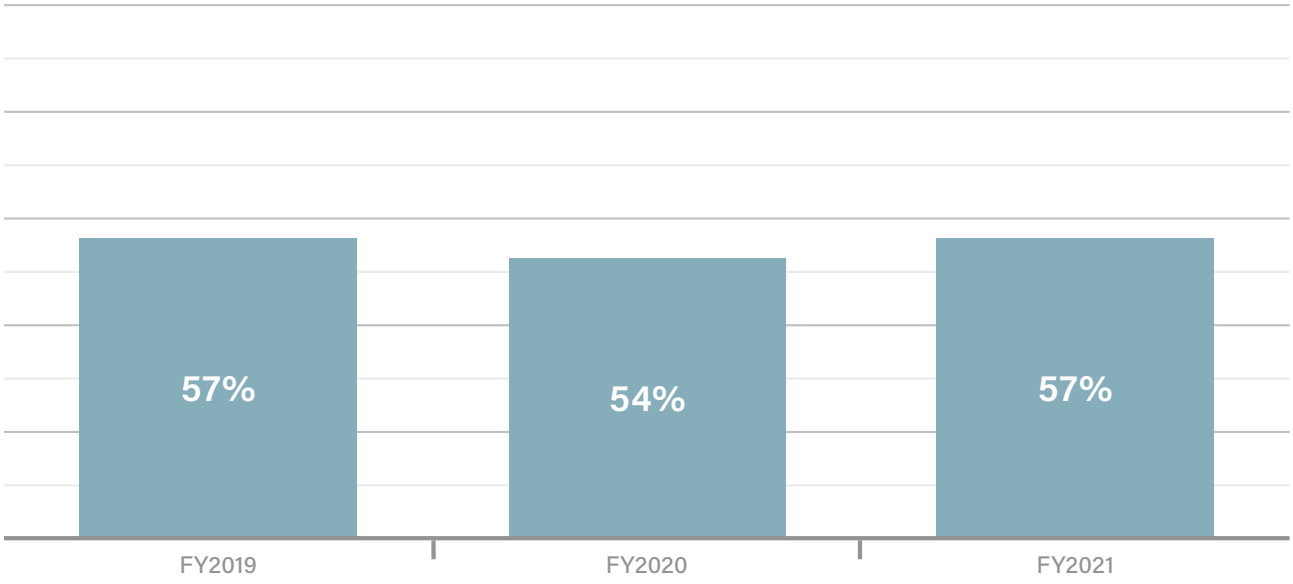
The Company targets cost of sales in the mid to low 40%. Cost of sales* was 43% in FY19. In FY2020, cost of sales increased to 46% as a result of higher shipping costs associated with the launch of the Activated Probiotics range of products. By FY2020, the Company reported cost of sales of 43%, a return prior level.

Figure 4.8: Cost of Sales



The figure below shows cost of sales as a percentage of sales.

Figure 4.9: Gross Margin* (%)



The gross margin* achieved by the Company was 57%, 54% and 57% for FY2019, FY2020 and FY2021, respectively and are shown in the chart above. The average gross margin* over FY2019 to FY2021 was 56%. (* adjusted for COVID-19 related inventory write-offs). The gross margin taken from Figure 4.1 with no adjustment of inventory written off is 57%, 26% and 51% for FY 2019, FY2020 and FY2021.

* adjusted for COVID-19 related inventory write-offs

4.6.3 Other income

Other income comprises primarily of R&D tax incentives and other Government grants or incentives including EMDG (Export Market Development Grant).

The Company conducts R&D into product development as well as clinical trials for its products with the aim of developing its intellectual property portfolio. Investments into R&D attracts government incentives and this is recorded as other income.

In FY2020 and FY2021, Biome Australia received payments for JobKeeper and Export Market Grants from the government.

4.6.4 Total operating expenses

The figure below sets out a breakdown of total operating expenses during FY2019, FY2020 and FY2021.

Figure 4.10: Total operating expenses

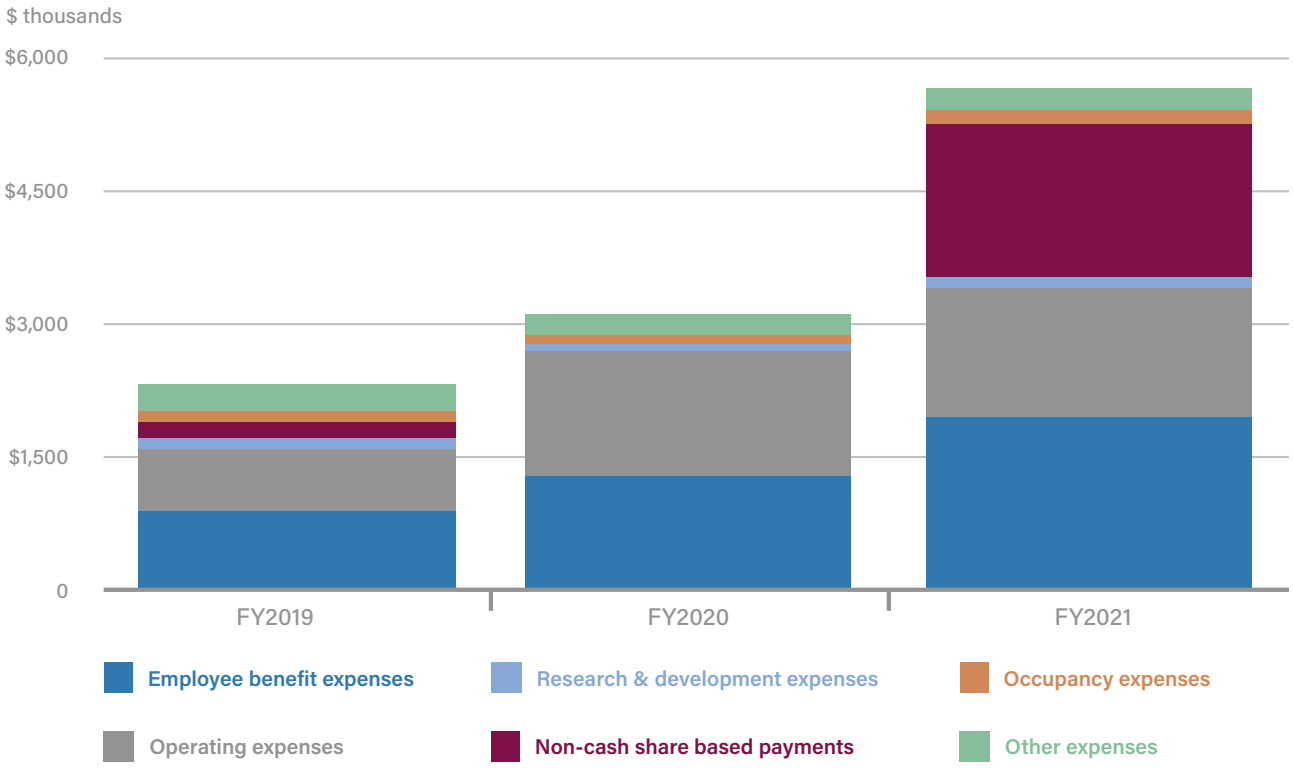
$ thousands	Notes	FY2019	FY2020	FY2021
Employee benefits expenses	1	(1,117)	(1,334)	(3,699)
Occupancy expenses		(115)	(88)	(133)
Operating expenses		(593)	(1,415)	(1,424)
Research & development expenses		(118)	(88)	(135)
Other expenses		(287)	(219)	(202)
Statutory / Pro forma operating expenses		**(2,230)**	**(3,144)**	**(5,593)**

Notes:

1. Employee benefits expenses includes non-cash share based payments of $0.18 million and $1.7 million in the FY2019 and FY2021 Statutory amounts respectively.

Figure 4.11 below depicts the major categories of expenses as a percentage of total expenses for FY19, FY2020 and FY2021. Across all three periods, the two largest components of expenses are employee benefits expenses and operating expenses. In FY2021, employee benefits expenses (including non-cash share based payments) experienced the largest increase from $1.33 million to $3.7 million. This increase was the result of additional staff to build out a national sales team, coupled with a $1.7m non-cash share based payment.

Figure 4.11: Breakdown of Operating Expenses



Employee benefits expenses

Employee benefits expenses include all wages and salaries and related on-costs which include but are not limited to superannuation and car allowances. It also includes non-cash share based payments.

Occupancy expenses

Occupancy expenses relate to the office premises, storage facilities as well as a third party warehouse facility. As there are no leases greater than 12 months, the Company has elected to apply the exception to AASB16 Leases.

Operating expenses

Operating expenses predominantly comprise sales and marketing expenses, and corporate and administrative expenses. In sales and marketing, these include costs associated with expanding product sales, and increasing company and brand awareness in the market place. Key investments are in brand promotion and marketing, with particular emphasis on product training and education.

Corporate and administration expenses include the IT expense, finance functions, logistics, and fulfilment and professional services.

Despite the growth in revenue, operating expenses have remained fairly constant in FY2021.

Further details of operating expenses can be found in the audited Financial Statements.

Research & development expenses

These expenses are for new product research and development costs, and costs associated with researching and developing clinical trial programs.

Other expenses

Other expenses comprises primarily of travel costs, entertainment, foreign exchange and other general expenses.

Other expenses reduced in FY2020 and FY2021 was a primary result of reduced travel costs associated the Covid-19 pandemic. Expenses were incurred in FY2020 to ensure the Company has Covid-19 SAFE operations.

4.6.5 Depreciation and amortisation

In FY2021, after discussions with the auditors, the company chose to impair all fixtures & fittings assets and various low value assets as it considers a strategic move of office premises.

4.7 CRITICAL ACCOUNTING POLICIES

Preparing financial statements in accordance with AAS requires Management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements the Company has made in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The key areas in which critical estimates and judgements are applied are in respect of impairment of intangibles, fair value of financial instruments, receivables and capitalised development costs and related amortisation, as described in the significant accounting policies outlined in **Annexure A**.

4.8. DIVIDEND POLICY

The payment of dividends by the Company is at the complete discretion of the Directors. Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to the Company's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.



5. Risk factors

5. Risk factors

5.1 INTRODUCTION

The New Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares and to consult their professional advisors before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 COMPANY SPECIFIC RISKS

5.2.1 Early stage risk

Given Biome Australia has only recently commenced commercial operations, there are uncertainties surrounding the rate of growth and prospects of Biome Australia. Further, Biome Australia has operated at a loss since inception on 6 July 2018. In the financial years ending 30 June 2019, 30 June 2020 and 30 June 2021, Biome Australia reported net losses on a statutory basis of $2,011,986, $3,162,163 and $5,381,116 respectively. Please refer to the financial information in Section 4 for further details.

Biome Australia is subject to risks common to early stage companies, including increasing market share and brand recognition, developing its product pipeline, competition risk and satisfying regulatory requirements imposed on Biome Australia and its products.

Investors should consider the Company's business and prospectus in light of the risks that it may face as an early-stage business with limited history. An investment in Biome Australia is speculative, and risks associated with investments in early stage companies, such as Biome Australia, are generally considered high. If Biome Australia is not successful in addressing such risks, the Company's business prospects and financial performance may be materially and adversely affected and the Company may never become profitable.

5.2.2 Uncertainty of future revenue and profitability

Future sales of products including but not limited to those detailed in Section 3.2 by Biome Australia and Biome Australia's future profitability are contingent on, amongst other things, Biome Australia's ability to enter into appropriate supply, distribution and partner arrangements, being able to maintain anticipated prices for products being acquired as well as certainty of supply, being able to set favourable prices for products being sold, being able to continue to act as exclusive distributor or maintain the exclusive right and licence to use strains in the respective territory, being able to continue to range Biome Australia's products in the contracted distribution centres, market demand for products being sold, general economic conditions, the results of further research and clinical trials in relation to microbial genomics.

Consequently, Biome Australia cannot provide any guarantee that future sales estimates will be achieved. Even if future sales estimates are achieved, they may not result in Biome Australia being profitable. It could also result in the termination of a channel distribution agreement.

5.2.3 Failure to effectively manage growth

Biome Australia has experienced recent growth in revenue, employee numbers and customer base. Biome Australia expects further growth in the future which could place significant strain on current management, operational and financial resources as well as the infrastructure supporting Biome Australia.

Biome Australia's future success depends on its ability to effectively manage this growth. In particular, if the Company expands distribution of products in the Activated Probiotics®, Activated Nutrients® and AXP ranges into new jurisdictions, the Company may require effective support from its supply partners for multiple jurisdictions. If the Company were unable to provide effective support, the Company's ability to achieve its growth objectives by geographic expansion of sales into new jurisdictions may be materially impaired. Further, failure to appropriately manage growth could result in failure to retain existing supply partners and customers and a failure to attract new channel distribution partners and customers which could adversely affect Biome Australia's operating and financial performance.

5.2.4 Loss of adoption by independent practitioners

Biome Australia is reliant on independent practitioners accepting, recommending and purchasing its products (particularly in Australia, New Zealand and the United Kingdom, and as-yet unannounced products for distribution in all overseas markets in the future). Independent practitioners play a significant role in influencing the types of products used by patients, in addition to being purchasers themselves.

To achieve commercial success, Biome Australia is reliant on healthcare practitioners accepting the scientific validity and usefulness of its current and planned products. Healthcare practitioners may be slow to adopt and recommend Biome Australia products to their patients for the following reasons (without limitation):

- preference for the products of competitors due to familiarity or sufficiency of those products;
- perceived limitations in clinical data illustrating the benefits of Biome Australia's products; and
- lack of willingness to invest the time required to understand Biome Australia's products.

While Biome Australia has strong relationships with healthcare practitioners, and provides education, training and marketing support, these do not guarantee sufficient adoption of Biome Australia's products domestically and in international markets necessary to achieve profitability.

5.2.5 Short term nature of supply and distribution agreements and loss of key partner relationships or inability to enter into new relationships

Biome Australia has a number of supply and distribution arrangements in place. Biome Australia's key supply and distributor partner relationships are documented by way of the agreements detailed in Section 9.1 - 9.8 (inclusive).

A number of these arrangements are subject to relatively short terms, expiring as early as January 2022, which gives rise to a risk that the arrangements will not be extended after this period. As at the Prospectus Date, Biome Australia is not aware of any reasons why any of the supply or distribution agreements will not be renewed.

The API Channel Distribution expired in 2020, however, the parties are continuing to operate pursuant to its terms. As at the Prospectus Date, a new API Channel Distribution Agreement is in the process of being negotiated. The new agreement, once signed, may be on terms different, including on less favourable terms, to that summarised in Section 9.5.

As per any agreement, there are reasonable remedy clauses from both parties should either fail to meet their respective obligations.

There is no guarantee that the relationships with supply and distributor partners (or indeed any other new partner) will continue or commence or if they do continue, that they will continue to be successful for Biome Australia.

In the event that a supply agreement is either terminated or not extended, where Biome Australia owns the product formulation to a product, no other person will be able to release the exact formulations to those particular Biome Australia products. Given, however that the supply partner owns the strains within the formulations themselves, any termination will materially impact Biome Australia's ability to seek to manufacture products that maintain a function that as far as possible provide the outcomes of those products that are being replaced.

In the event that a channel distribution agreement or distribution trading terms are either terminated or not extended, Biome Australia will seek alternative distribution channels. To that end, as at the Prospectus Date, the Biome Australia Group has distribution channels to over 1300 community pharmacies across 15 banner groups, so would seek to replace any terminated supply channel with the supply channel of an existing or new banner group.

5.2.6 Loss of key management personnel

A failure to attract and retain executive, business development, technical and other key personnel could reduce Biome Australia's revenues and operational effectiveness. There is a continuing demand for relevant qualified personnel, and Biome Australia believes that its future growth and success will depend upon its ability to attract, train and retain such personnel. Competition for personnel in Biome Australia's industry is intense, and there is a limited number of persons with knowledge of, and experience in, this industry. An inability to attract or maintain a sufficient number of requisite personnel could have a material adverse effect on Biome Australia's performance or on Biome Australia's ability to capitalise on market opportunities.

5.2.7 Access to sufficient commercial manufacturing capability

Biome Australia's three product ranges, Activated Probiotics®, Activated Nutrients® and AXP are dependent on:

- the availability of raw materials, packaging and production capacity with contract manufacturers;
- manufacture and provision to the Company of products in the three product ranges; and
- costs of items in (i) and (iii) being appropriate.

Failures in respect of any of the above could adversely impact the Company's supply chain or cost of goods sold and require the Company to source and engage new providers for the above or new goods and services.

5.2.8 Ownership and protection of intellectual property

The business of Biome Australia depends on its ability to commercially exploit its intellectual property. Biome Australia relies on laws relating to know-how, trade secrets, copyrights and Trade Marks to assist in protecting its proprietary rights. There is a risk that unauthorised use or copying of the secure documentation (electronic laboratory books), business data or other intellectual property could

occur or the reverse engineering of product formulas could occur.

There is also a risk that intellectual property developed by Biome Australia by way of clinical trials, works or studies permitted under a supply agreement will be forcefully acquired from Biome Australia upon termination of that supply agreement.

There is a risk that Biome Australia may be unable to detect the unauthorised use of its intellectual property rights in all instances.

A breach of Biome Australia's intellectual property may result in the need to commence legal action, which could be costly and time consuming. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.

Trade Marks

The Company's success, in part, depends on its ability to obtain Trade Marks, maintain trade secret protection and operate without infringing the proprietary rights of third parties. If the Company's intellectual property is not adequately protected it may be able to be copied or reproduced or otherwise circumvented by third parties. The Company may not be able to achieve its objectives, commercialise its products or generate revenue or other returns if it is unable to properly use or commercialise its intellectual property.

Intellectual property infringement and trademark claims

The Company has engaged Mills Oakley to assist in obtaining trade mark protection.

There is always a risk of third parties claiming an involvement in scientific discoveries and, if disputes arise, such claims or disputes can adversely affect the Company. Further, competition in retaining and sustaining protection of intellectual property, and the complex nature of intellectual property and its protection, can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. In the event of a dispute, the Company's potential competitors may potentially be able to sustain costs of litigation or proceedings more effectively than the Company because of comparatively greater financial resources.

In addition, parties making claims against the Company may obtain injunctive or other relief to prevent the Company from further developing or commercialising its products. In the event a successful claim of infringement is made against the Company, it may be required to pay damages and obtain one or more licences from the prevailing third party. If it is not able to obtain these licences at a reasonable cost, or at all, it may encounter delays in its business operations and lose substantial resources while seeking to develop alternative products.

There is also a risk that a third party may claim that Biome Australia is infringing one or more of its patents. In the event a successful claim of infringement is made against the Company, the Company may be required to pay damages and obtain one or more licences from the claimant third party. If it is not able to obtain these licenses at a reasonable cost, or at all, Biome Australia may be restricted from conducting a component of its business and encounter delays and lose substantial resources while seeking to develop alternative products.

Trade secrets and confidentiality

The Company may, from time to time, rely on trade secrets. Indeed it relies on trade secrets to protect its proprietary product formulations. The protective measures employed by the Company may not provide adequate protection of its trade secrets which may erode any competitive advantage and harm its business.

There can be no assurance employees, consultants or third parties will not breach confidentiality, infringe and/or misappropriate the Company's intellectual property. The Company seeks to mitigate the risk of unauthorised use of its intellectual property by limiting disclosure of sensitive material to particular employees, consultants and others on a need to know basis. Where appropriate, parties having access to such sensitive information will be required to provide written commitments to confidentiality and ownership of intellectual property.

5.2.9 Risk of delay and continuity of operations

Biome Australia may experience delays in achieving a number of critical milestones, including completion of trials, obtaining regulatory approvals, manufacturing, product launches and sales. Any material delay may impact adversely upon Biome Australia, including the timing of any revenue under milestone or sales payments.

Biome Australia may also experience business continuity problems arising from extreme events. As with most businesses, Biome Australia is reliant on IT systems in its day-to-day operations. An inability to operate such systems would impact the business. This might result, for example, from a computer virus or other cyber-attacks or from a physical event at its offices and/or laboratory.

5.2.10 Logistics risks

Biome Australia relies on the importation of its Activated Probiotics® range and one product in its AXP range. Any continuity issues in global logistics could see delays in delivery timetables with impacts on product availability and sales.

5.2.11 Failure to realise benefits from product research and development

An important aspect of Biome Australia's business is to continually invest in innovation and product development. Biome Australia may not realise benefits from investments in research and development relating to all of its business divisions for several years, or may not realise benefits at all in some cases. The Company makes assumptions about the expected future benefits generated by investment in research and development and the expected timeframe in which the benefits will be realised. These assumptions are subject to change and involve both known risks and risks that are beyond the Company's control. Any change to the assumptions the Company has made about development of a certain product may have an adverse impact on the Company's ability to realise a benefit from investment in the development of that product.

5.2.12 Market acceptance and competitor risk

Market acceptance depends on numerous factors, including convincing potential consumers and agents of the attractiveness of Biome Australia's products and its ability to manufacture those products to a sufficient quality and quantity to meet commercial demand at an acceptable cost.

There is a risk that Biome Australia's products may not gain widespread market acceptance, and this may adversely affect the financial performance of the Company.

Notwithstanding the number of participants in a market, there is always a risk that there will be new entrants into the market and that existing competitors will introduce new products or technologies that are superior or more favourable with the market. Competition in the market has the potential to disrupt Biome Australia's business and market share.

An overview of the competitive landscape is set out in Section 2.5. There may be aggressive, fast-moving, early stage, start-up companies that are developing comparable or competing products. Biome Australia intends to maintain a close watch on existing and emerging products within the industry as well new patent applications relevant to the field as they are published.

5.2.13 General regulatory risks

The regulatory requirements applicable to Biome Australia's current and planned products are detailed in Sections 11 and 3.7.2.

The Company operates and intends to operate in regulated industries including but not limited to:

- In Australia goods regulated by the Therapeutic Goods Administration (**TGA**);
- In Australia and New Zealand goods regulated by Food Standards Australia and New Zealand (**FSANZ**);
- In New Zealand, goods regulated by Medsafe; and
- In the United Kingdom goods regulated by the Medicines and Healthcare products Regulatory Agency (**MHRA**), Food Standards Agency and Food Standards Scotland.

Given Biome Australia's international expansion plans, securing and maintaining the necessary regulatory approvals and licences for its products and services in all markets in which they are sold and offered will be critical to the performance of Biome Australia.

In addition to Australia and New Zealand, Biome Australia also sells the Activated Probiotics® range of products in the United Kingdom as food supplements. The Food Safety Act 1990 defines food, by reference to the EU Regulation 178/2002, as drink, chewing gum and any substance, including water, intentionally incorporated into the food during its manufacture, preparation or treatment. In addition, food supplement is defined in the Food Supplements (England) Regulations 2003/1387 as any food the purpose of which is to supplement the normal diet and which is a concentrated sources of a vitamin or mineral or other substance with nutritional or physiological effect, alone or in combination, and is sold in dose form. Similar definitions are included in legislation for Scotland, Wales and Northern Ireland.

There is a risk that the categorisation of the Activated Probiotics® range in the United Kingdom as food supplements could be found by the medicines regulator, MHRA, to be incorrect and could be viewed instead as 'medicinal'. In the event this were to occur, there is a possibility that a product recall could be required to remove non-compliant products from the market. Alternatively, MHRA could require that amendments are implemented by Biome Australia to products sold in the United Kingdom and sanctions could be imposed on Biome Australia. There is also a risk that the use of the word 'probiotic' in the Activated Probiotics® range could be deemed, in the United Kingdom, to be an unauthorised claim. As at 30 June 2021, revenue from the United Kingdom is relatively small when compared to revenue from Australia and New Zealand and accounts for approximately 8.8% of Biome Australia's total revenue. Refer to Section 3.5.2 for a summary of the size of the Activated Probiotics® range in the United Kingdom.

There is a risk that regulatory approvals for Biome Australia's products and services will fail to be obtained or maintained in some or all of the markets in which they are sold and offered respectively. This may have an adverse impact on the financial performance of Biome Australia and expose it to potential liabilities or third party claims. Additionally, given Biome Australia's intention to partner with bio-pharmaceutical companies for product development, there is a risk that partner companies will fail to obtain or maintain the necessary regulatory approvals which may have an adverse impact on the financial performance of Biome Australia and expose it to potential liabilities or third party claims.

Further, the failure by Biome Australia to comply with the laws and regulations in the jurisdictions in which it operates could result in the loss of access to those and other markets. In addition, compliance with government regulations may also subject Biome Australia to additional fees and costs. Further, changes to these laws and regulations (including interpretation and enforcement), or the failure by

Biome Australia to remain current with those changes, could adversely affect Biome Australia's business and financial performance.

5.2.14 Arrangements with third party collaborators

Biome Australia may pursue collaborative arrangements with life science companies, bio-pharmaceutical companies, academic institutions or other partners to assist with the development and commercialisation of the:

- Activated Probiotics range;
- Activated Nutrients range; and
- AXP range.

These collaborators may be asked to assist with funding or performing trials, manufacturing, obtaining regulatory approvals or product marketing. While confidentiality agreements may be in place with a number of these parties in respect of possible collaborative or partnership arrangements, there is no assurance that Biome Australia will attract and retain appropriate strategic partners or that any such collaborations will perform and meet commercialisation goals.

Further, Biome Australia's arrangements with third party collaborators are subject to mutual undertakings of confidentiality. There is no guarantee that third party collaborators will abide by their confidentiality obligations. There is a risk that third party collaborators may seek commercial exploitation of Biome Australia's intellectual property that has been shared under any collaboration arrangement. Protecting the Company's intellectual property in circumstances such as this may result in the need to commence legal action, which could be costly and time consuming.

5.2.15 Sufficiency of funding and additional requirements for capital

Biome Australia has provided an indication of how it intends to apply its existing funds, including funds raised under the Offer in Section 7.4.

There is a risk that the costs of operations may be higher than anticipated or increase as a result of unforeseen circumstances (which may include circumstances related to other key risk factors set out in this Section 5).

Biome Australia may also be required to raise additional equity or debt capital in the future. There is no assurance that Biome Australia will be able to raise that capital when it is required or that it will be able to raise that capital on such terms satisfactory or favourable to the Company.

If Biome Australia is unsuccessful in obtaining funds when required, it may need to delay or cease its research and development, commercialisation, manufacturing activities, or other components of its business. In the event of insufficient capital, Biome Australia may also have to licence or sell its technologies on unfavourable terms, or scale down or cease operations. No assurance can be given that future funding will be available to the Company, on any particular terms, or at all.

5.2.16 Shareholder dilution

In the future, Biome Australia may elect to issue shares to fund or raise proceeds for specific research and development, acquisitions, to repay debt, or for other reasons.

While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that it is able to issue within a 12 month period (without obtaining Shareholder approval), Shareholder interests may be diluted and Shareholders may experience a loss in value of their equity as a result of such issues of Shares and fundraising.

5.2.17 Liquidity and realisation risk

Restriction obligations (escrow) will be applied to Shares held by Existing Shareholders. The remaining "free float" (shares that are tradable during any restriction period) may be limited, resulting a decrease in active or potential sellers or buyers at any given time, which may result in an inactive or illiquid market for the Company's Shares, which may increase the volatility of the market price of the Company's Shares.

Following confirmation of the restriction obligations that will be imposed by the ASX and the agreement on voluntary escrow, the restricted shares would represent approximately 48% of the Company. This would leave approximately 52% of the Company's Shares free trading until this escrow period(s) ends.

Refer to Section 13.8 for further detail on escrow.

Further, there is a risk that once the Shares subject to escrow or trading restrictions are released from the restrictions attaching to them, there may be significant sell down by holders of those Shares which may negatively affect the Company's Share price.

The potential limited free float (tradable Shares during any restriction period) and potential sell down may affect the prevailing market price at which shareholders are able to sell their Shares. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of Shares.

5.2.18 Product risks and liability

As Biome Australia successfully develops and markets new products and obtains the relevant regulatory approvals, there is no assurance that unforeseen adverse events or manufacturing defects will not arise. Adverse events or defects could expose the Company to product liability claims, litigation or withdrawal of regulatory approvals.

Adverse events or defects could result in damages being awarded against the Company, a requirement for further investment in improved manufacturing processes or withdrawal of products from the market.

5.2.19 Litigation risk

In the ordinary course of business, Biome Australia may be involved in litigation disputes from time to time. Litigation disputes brought by third parties, including but not limited to, customers, suppliers, business partners, and employees may adversely impact the financial performance and industry standing of Biome Australia.

5.2.20 Absence of dividends

The ability of Biome Australia to pay dividends in the future is dependent on many factors including the results of the Company's research and its ability to develop and commercialise its products. Where the Company is in a position to pay dividends, the amount, timing and payment of future dividends is dependent on a range of factors including future capital and research and development requirements, as well as the overall financial position of the Company. There will be factors outside of the control of the Company and its Directors that may affect the ability of the Company to pay dividends. The Company does not expect to pay dividends in the short or medium term. The Directors are unable to give any assurance regarding the payment of dividends in the future.

5.2.21 Change in strategy

Biome Australia's plans and strategies may evolve over time due to review and assessment of, amongst other things, trial results and data, market trends, the outcome of its intellectual property registrations and applications, changes in policy or regulations, the level of market acceptance in particular markets and the emergence of new technologies or improvements in existing technology.

As a result, the current strategies, approaches, and plans of Biome Australia may not reflect the strategies, approaches, plans and products pursued at a later date. Any such changes have the potential to expose the Company to additional risks.

While the Company's key focuses are noted in Section 3.8, it may in the future look at opportunities for diversification.

5.2.22 Renewal of lease agreements

Biome Australia operates its offices and facilities from leased premises. There is a risk that the lease may not be renewed on terms that are acceptable to the Company. If this were to occur, Biome Australia may be required to cease operating from its current premises and move to a new premises. Moving to new premises would involve significant costs and business disruption that may impact the financial performance of the Company.

5.3 GENERAL RISKS

5.3.1 Covid-19 risk

Biome Australia may face additional difficulty in achieving business growth, as well as creating and maintaining a competitive advantage over other producers and distributors during Covid-19. Covid-19 may create business risks for Biome Australia in reducing consumer demand for Biome Australia products, delaying supply and distribution timeframes and increasing the cost of supply. Further, Covid-19 may create changed global economic conditions which may prevent or delay Biome Australia successful expansion. Covid-19 may also affect Biome Australia personnel as Biome Australia will be required to adhere to health recommendations from local, State and federal authorities, which may include reductions in available employees, lower production and revenue, and increased costs or reduced profitability.

5.3.2 General economic conditions

The Biome Australia Group may be negatively impacted by changes in the Australian or other international economies. In particular, there are risks from continued volatility in the US and Europe, international debt issues, impacts from currency and interest rate shifts and the potential for a contraction in the availability of debt or capital.

These macro-economic factors may adversely impact Biome Australia through reduced future revenues, reduced demand for Biome Australia's products and services, increased costs, foreign exchange losses, impacts of government responses to macroeconomic issues and impacts on equity markets. These factors are beyond the control of the Biome Australia Group and the impact cannot be predicted.

Furthermore, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance.

5.3.3 Financial market volatility

A fall in global or local equity/bond markets may discourage investors from moving money in our out of equity markets. This may have a negative effect on the price at which the Shares trade on ASX.

5.3.4 Franking of dividends

There is no guarantee that the Company will have sufficient franking credits in the future to fully frank dividends or that the franking system will not be varied or abolished. It should be noted that the Company has obtained R&D tax offsets in previous years and it is expected it will continue to claim the R&D tax offset in future years. Future tax payments made by the Company must be offset against the refundable R&D tax offsets received (i.e. deferred franking debits) before a credit can be recorded in the franking account. This will affect the Company's ability to frank dividends.

Shareholders should be aware that the ability to use franking credits, as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each shareholder. That is, the value and availability of franking credits to a shareholder will depend on their particular tax circumstances and Shareholders should seek independent professional advice.

5.3.5 Regulatory risk

In addition to industry regulatory risks (see Section 5.2.13), the Company is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, TGA, ATO, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time, depending on changes in the laws and the policies of the governments and regulatory authorities.

The Biome Australia Group is exposed to:

- the risk of changes to applicable laws and/or the interpretation of existing laws, which may adversely impact the Biome Australia Group. This could include changes affecting the ability to leverage tax rebates in connection with research and development; or
- the risks associated with non-compliance with these laws (including reporting or other legal obligations).

Non-compliance may result in financial penalties being levied against the Biome Australia Group.

5.3.6 Changes in taxation laws and policies

Tax laws are in a continual state of change which may affect the Company and its Shareholders.

There may be tax implications arising from ownership of the Shares, the receipt of franked and unfranked dividends (if any) from the Company, receiving returns of capital and the disposal of the Shares.

Changes to tax laws may adversely affect the Biome Australia Group's financial performance and/or the returns achieved by investors. Dividends paid to certain investors may not be recognised as frankable by the ATO.

The Biome Australia Group is not responsible for either taxation implications or penalties incurred by investors. Tax implications should be considered carefully and potential investors should obtain advice from an accountant or other professional tax advisor in relation to the application of the tax legislation to your investment in the Company.

5.3.7 Interest rate risk

Biome Australia is exposed to interest rate risk arising from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The primary financial liabilities impacted by interest rate movements include cash balances, loans and borrowings. Interest rate exposure is monitored and analysed, and consideration is given to potential renewals of existing positions, uses of funds and alternative financing options as well as the mix of fixed and variable interest rates.

5.3.8 Foreign currency and exchange rate fluctuations

Biome Australia transacts in various currencies other than the Australian dollar reporting currency, including the Euro, United States dollar, Great Britain pound, and the New Zealand dollar. Biome Australia has not historically hedged its foreign currency exposure and as a result earnings are exposed to the net impact of movements in foreign exchange on sales, employee expenses and purchases in the foreign currencies in which the transactions occur. Biome Australia may consider a foreign exchange policy in the future.

Biome Australia has foreign currency bank accounts, and receivables and payables that are denominated in a currency other than the Australian dollar reporting currency which are not hedged. Any foreign exchange rate movements in respect to the transactional currency are recognised as foreign exchange gains or losses in the period they are incurred.

5.3.9 Force majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, pandemics, epidemics or quarantine restrictions.

5.3.10 Acquisitions

As part of its business strategy, Biome Australia may make acquisitions of, or significant investments in, companies, technologies and/or products that are complementary to Biome Australia's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of or investments in companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

5.3.11 Other

There are a range of other general risks, which may impact on Biome Australia's business or an investment in the Shares, which include but are not limited to:

- industrial action directly or indirectly impacting the business; and
- government policies generally (in addition to taxation noted above).



6. Key individuals, interests and benefits and corporate governance

6. Key individuals, interests and benefits and corporate governance

6.1 BOARD COMPOSITION

The business and affairs of the Biome Australia Group are managed directly by the Board. In particular, the Board:

- establishes the long-term goals of the Biome Australia Group and strategic plans to achieve those goals;
- manages risk by ensuring that the Biome Australia Group has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- works with management to create Shareholder value.

The Board is composed of experienced executives, with a broad and diverse range of business experience. The composition of the Board is set out below.

At the date of listing (**Listing Date**) the Board will comprise three members, consisting of the Chairman (a non-independent Non-executive Director), the Managing Director (an Executive Director) and an independent Non-executive Director.

Name	Appointment date	Position	Independence[1]
Mr Ilario Faenza	18 August 2020	*Chairman* *Non-executive Director*	Non-Independent[2]
Mr Blair Vega Norfolk	6 July 2019	*Chief Executive Officer* *Executive Director*	Non-Independent
Ms Dominique Fisher	12 August 2021	*Non-executive Director*	Independent

Notes:

1. Biome Australia considers that a Director is an independent director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement. Biome Australia has also assessed the independence of its Directors regarding the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.
2. Biome Australia considers that Mr Ilario Faenza is not independent on the basis that he has previously received Performance Rights under the Employee Incentive Plan. These Performance Rights will be automatically converted on IPO Completion. Following IPO Completion, Mr Ilario Faenza will not receive any further performance based securities in Biome Australia so that he is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of his judgement as a Director.

The composition of the Board committees and details of its key corporate governance policies are set out in Section 6.10 to Section 6.12.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Non-executive Director or Executive Director of the Company, as the case may be, without constraint from other commitments.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed Company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills.

6.2 DETAILS OF DIRECTORS

Details of each of the Directors are set out below:

Mr Ilario Faenza

Role	Chairman, Non-Executive Director
Expertise	Mr Faenza has over 30 years of corporate and director experience in Australia, United States, New Zealand and the United Kingdom. He has built and worked with more than 30 companies over the past 30 years including roles as Chief Operating Officer, Managing Director, Executive Director, Advisor, Executive Chairman, Non-Executive Director and Non-Executive Chairman. Mr Faenza has also previously been a Director of two ASX listed companies over the past 22 years, namely ASX listed Eftel Limited and ASX Listed Tel.Pacific Limited. Mr Faenza previously has chaired the audit and risk committee and served on the remuneration committee for ASX listed Eftel Limited, served as a member of the audit and risk committee and Remuneration committee for ASX Listed Tel.Pacific Limited. Mr Faenza managed the Scheme of Arrangement for People Telecom Limited in relation to its merger with M2 Group Limited.
Independence	Non-Independent
Interest in Shares, Options and Performance Rights	Refer to Section 6.7.
Legal or disciplinary action	Nil
Insolvent companies	Nil

Mr Blair Vega Norfolk

Role	Managing Director, Chief Executive Officer
Expertise	With more than 10 years in the pharmaceutical and natural medicine industries, Blair now serves as Managing Director of Biome Australia. Prior to becoming the Managing Director of Biome Australia, Blair previously served as the Chief Operating Officer of Biome Australia. Over the past three years at Biome Australia, Blair's entrepreneurial management style has led to Biome Australia's early success in securing unique products, facilitating multiple clinical trials, raising over $10m capital, gaining national and international distribution and recruiting Biome Australia's team. As an experienced entrepreneur, Blair has been instinctive about identifying trends and understanding what customers value most. Blair has applied his adept skill set to growing Biome Australia and its brands. Blair has taken Biome Australia's product ranges from initial concept to valued and trusted consumer brands, while maintaining a focus on improving patient health outcomes and offering high quality education for health industry partners. Blair earned his Master of Advanced Marketing from Monash University and since then has worked as a strategic consultant with clients in the United States, Australia and Europe. He has provided strategy, marketing and sales expertise to brands ranging across categories including complementary medicine, FMCG, and luxury designer labels in highly competitive markets. In addition to entrepreneurial and consulting roles, Blair was a leading figure in the global fashion industry. Blair secured international advertising campaigns for some of the world's most recognised names in fashion and retail, including Calvin Klein, Abercrombie & Fitch, Giorgio Armani, Ermenegildo Zegna and John Richmond. Blair is an advocate and spokesperson for both preventative medicine and mental health, serving on multiple national panels. His commitment to bringing awareness to the gut-brain connection led to a nomination as finalist for GQ Innovation of the Year in October 2019. Blair remains committed to focusing on new research and using his public profile to educate both health professionals and patients on the benefits of preventative medicine. Blair is a member of the Australian Institute of Company Directors (AICD). He holds a Master of Advanced Marketing from Monash University and a Bachelor of Commerce – Marketing / Accounting from Deakin University.

Mr Blair Vega Norfolk

Independence	Non-Independent
Interest in Shares, Options and Performance Rights	Refer to Section 6.7.
Legal or disciplinary action	Nil
Insolvent companies	Nil

Ms Dominique Fisher

Role	Non-Executive Director
Expertise	Ms Fisher couples her experience in tech driven businesses with a strong focus on risk mitigation and financial management which has led to her working in a range of sectors in both executive and non-executive roles including insurance, procurement, publishing, media, wholesale manufacturing, retail, biotech, e-commerce, business mobility software, performing arts, location data, digital and internet services, transport & logistics, artificial intelligence, property development, telecommunications, edtech, postal services, advertising and professional services. Ms Fisher has a BA (Hons) in Public Policy and Administration, University of Sydney and a Diploma in Organic Farming, TAFE NSW. She has coupled her executive career mostly in technology commercialisation including AUSSAT, with an extensive non-executive career, having served on 4 ASX listed companies, IAG, Circadian Technologies/ Opthea, Pacific Brands and GrowthOps (two as Chair) including two IPOs (IAG and TGO), numerous private companies including Integrity Life Group, Sky Technologies, Paddl Co. NRMA, various government and private advisory boards at both state and federal level for both major political parties, Geoscape Australia, LaunchVic and government agencies including the Sydney Opera House, Australia Post and the Australian Council for the Arts. Ms Fisher has extensive experience in innovation and product development including as Chair of the Victorian Government's Expert Innovation Panel, as Judge of the annual Australian Financial Review BOSS Most Innovative Companies Award for 5 years running and implementation of the Australian Government's $5m innovation program for SMBs and emerging talent 'The National Innovation Games' May 2019 - Dec 2021.
Independence	Independent
Interest in Shares, Options and Performance Rights	Refer to Section 6.7.
Legal or disciplinary action	Nil
Insolvent companies	Nil

6.3 SENIOR MANAGEMENT TEAM AND COMPANY SECRETARY

The table below provides detail of the senior management team and Company Secretary of Biome Australia:

Senior management team

Position	Expertise, experience and qualifications
Blair Vega Norfolk – *Managing Director*	See Section 6.2.
Douglas Loh - *Chief Financial Officer*	Douglas Loh has over 30 years of advisory, company management, investment management and market research experience with a focus on smaller companies. He was a founding member of Acorn Capital in late 1998, Australia's first boutique investment manager specialising solely on the Australia microcap sector. His 19-year career at Acorn Capital included roles as Portfolio Manager, CFO, COO and Executive Director of the Company. For more than 10 years, Douglas as Portfolio Manager was responsible for managing the firm's microcap portfolios and growing its funds under management (FUM) to more than $1.3 billion. In 2013, Douglas become Head of Equities with direct responsibilities for Acorn Capital's new Asian small cap strategy. Prior to joining Acorn Capital, Douglas's career was largely in academia and consulting. He taught at Monash University in Accounting and Finance, and Taxation Law. Following his academic career, Douglas practised as a consulting accountant. Douglas was a Director of DXN Limited, an ASX listed prefabricated modular data centre manufacturer, builder and operator from April 2018 to March 2020. He was Chairman of the DXN Board from June 2018 to March 2020. He holds a Bachelor of Economics (Hons) from the University of Monash and is a CPA and a Member of the Australian Institute of Company Directors.
Dr Jaroslav Boublik – *Chief Science Officer*	Dr Jaroslav Boublik was educated in Melbourne, Australia, and gained his B.Sc. (Hons) from the Department of Chemistry, Monash University, in 1981 and Ph.D.(Med) from the Department of Medicine, Monash University, in 1985. He is an Associate Member of the Australian College for Nutritional and Environmental Medicine, a Member of the Royal Australian Chemical Institute and a Chartered Chemist. He is a member of the Monash University and Fulbright Alumni Associations. He has held a Fulbright Postdoctoral Fellowship, a Neil Hamilton Fairley Postdoctoral Fellowship and was an R. Douglas Wright Fellow. Dr Boublik has conducted research at Prince Henry's Hospital Medical Research Centre, the Shanghai Institute of Biochemistry in China, the Salk Institute, La Jolla USA, and the Baker Medical Research Institute in Melbourne, Australia. He has been an honorary lecturer at Monash University's Department of Chemistry, published over 30 peer reviewed and invited articles in scientific journals, presented almost 40 scientific papers at research symposia and is an inventor on four patents. He has been nutritional adviser to several elite athletes, including Olympic medalists. Dr Boublik is a consultant to the nutrition R&D sector and has been a board member of several companies in nutritional medicine, complementary medical research and development and water-related technologies. He has published widely on the subjects of performance nutrition, hydration and water quality. Dr Boublik has worked with a number of companies in the network marketing and direct sales industry and has a deep understanding of what leads to product success in these industries, both from the perspective of product development and product messaging. He has successfully created and managed several highly successful product ranges in these industries and is passionate about the power of person-to-person communication to foster product understanding. Dr Boublik has been active in consumer product research and development and has created successful products in the nutritional supplement, beverage, functional food and skincare and transdermal categories. Between 2008 and 2017 in the USA, he developed dozens of new products for client companies in nutrition, sports performance, hydration and functional foods. Dr Boublik spent three years as Lead OHSE Auditor for Australia's peak scientific and industrial research organization, CSIRO, and this gave him deep insights into human behavior in a research environment and an understanding of environmental issues facing modern organizations.
George Lazarou - *Company Secretary*	Mr Lazarou is Biome Australia's Company Secretary. Mr Lazarou is a qualified Chartered Accountant with over 25 years' experience, including five years as a partner of a mid-tier accounting firm, specialising in the areas of advisory and corporate services. Mr Lazarou has extensive skills in the areas of corporate services, due diligence, independent expert reports, mergers & acquisitions and valuations. Mr Lazarou has been Chairman, Non-Executive Director and Company Secretary of a number of ASX listed companies since 2006. Mr Lazarou is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce (Accounting) form Murdoch University.

6.4 THE SCIENTIFIC ADVISORY BOARD AND THE PHARMACY ADVISORY BOARD

Biome Australia has a Scientific Advisory Board and a Pharmacy Advisory Board. The role of each is detailed below:

- Scientific Advisory Board – To provide Biome Australia advice on future research opportunities; and
- Pharmacy Advisory Board – To provide Biome Australia advice on pharmacy industry and to review any future professional programs that Biome Australia may develop to supports its sales and marketing activities.

A snapshot of the members of each Advisory Board, is provided below:

Scientific Advisory Committee

Member	Detail
Dr Marco Pane	Product Development Specialist, Probiotical Healthcare Dr Pane holds a Master's degree in microbiology and began his career as a researcher at Biolab laboratory in Novara, Italy, where he focused on research for the dietary supplement industry. At Probiotical he works with external innovation partners to drive new probiotic product development, supports worldwide sales and collaborates on research projects. Dr Pane is a regular commentator on the technology, efficacy and consumer benefits of probiotic supplementation and healthy gut microbiota. He is part of the International Probiotic Association (IPA) Scientific Committee, member of the Pharmabiotic Research Institute (PRI) and expert Panel on Probiotic at the US Pharmacopoeia.
Dr Niklas Larsson	Research Director, Probi AB, Sweden Dr Larsson holds a BSc and a PhD in analytical chemistry from Lund University, Sweden. He has a background within the medical device industry in Denmark, and has spent 3 years at Novo Nordisk A/S as a research scientist, and an additional 3 years as Research and Development Director at Millimed A/S. Dr Larsson joined Probi AB as Research Director in 2008, and is responsible for clinical research, patenting and regulatory questions. He currently coordinates and manages several probiotic-related research projects, with a special focus on clinical trial design in relation to regulatory demands. Since joining Probi, Dr Larsson has been responsible for the execution of several clinical trials, collaborations with both academia and industry partners, health claim applications on various markets as well as patent applications.
Dr Jaroslav Boublik	See Section 6.3

Pharmacy Advisory Board

Member	Detail
Catherine Bronger	National Councillor at the Pharmacy Guild of Australia, Pharmacist, New South Wales Catherine Bronger is a community pharmacist with partnership in three pharmacies in Sydney, two of which focus heavily on the development and implementation of professional services such as immunisation, sleep apnoea diagnostic and equipment service, compounding, weight loss and diabetes education service. One of these pharmacies, Priceline Wetherill Park, was a finalist in the Guild Pharmacy of the Year 2018. Catherine is a Pharmacy Guild of Australia National Councillor and a member of the Guild's Pharmacy Viability Committee. She also sits on the University of Technology's Faculty of Health Industry Advisory Board. The PSA NSW Young Pharmacist of the Year in 2015, Catherine regularly mentors young pharmacy students.
Cameron Unsworth	Pharmacist, Western Australia With over 20 years' experience in Retail Practice, Cameron has specialised in remote area professional services in the North West of Australia focused on patient care of indigenous communities. His main interest is in maximizing the health impact of community pharmacy on the health of all Australians through educating patients with respect to the benefits of compliance with medication regimes and promoting a healthy lifestyle and diet. He views the expansion of pharmacy services into vaccination, diabetes and control of cardiovascular disease through blood pressure monitoring as the start of a revolution which will improve public health.
Amanda Bryce	Pharmacist, Western Australia Amanda has been a qualified pharmacist for 24 years and is a community pharmacy owner, credentialed pharmacist and sessional academic at University of Western Australia. As a graduate of ACNEM, she has practiced as an integrative pharmacist since 2012 and has a consultancy business, the Gutsy Pharmacist. Passionate about eating well for gut health, Amanda conducts classes at Matters of Taste Cooking School throughout the year and loves teaching the benefits of fermenting to others. Amanda was an elected councillor of the Pharmaceutical Council of WA for five years and held the position of chair of professional development for three of these five years.

6.5 INTERESTS AND BENEFITS – GENERAL

This Section 6.5 sets out the nature and extent of the interests and fees of certain persons involved in the Offer.

Other than as set out in this Prospectus, no:

- Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- Lead Manager to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of the Prospectus with ASIC, or has held in the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- The formation or promotion of the Company; or
- Property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- The Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director to induce them to become, or qualify as, a Director of the Company.

6.6 INTERESTS AND BENEFITS – INTERESTS OF ADVISORS

The Company has engaged the following professional advisors in relation to the Offer:

- Canaccord Genuity (Australia) Limited has acted as Lead Manager to the Offer. The Company has agreed to pay the Lead Manager a fee of $60,000 plus 6% of the gross proceeds under the IPO, being $480,000. In addition, Biome Australia has agreed to issue the Lead Manager 4,262,808 Lead Manager Options. Refer to Section 13.3 for additional information on the Lead Manager Options.
- Moore Australia (Vic) Pty Ltd has acted as the Investigating Accountant and has performed financial, accounting and tax due diligence services and provided the Independent Limited Assurance Report in Section 8 in relation to the Financial Information. The Company has paid, or has agreed to pay a total of approximately $47,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Moore Australia (Vic) Pty Ltd under time-based charges;
- JTP Assurance has acted as Biome Australia's auditor for the purposes of the Offer. For this work, JTP Assurance has received fees amounting to approximately $18,500 excluding GST and disbursements;
- Thomson Geer has acted as Australian Legal Advisor to the Company in relation to the Offer. The Company has paid, or agreed to pay, up to $150,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Thomson Geer in accordance with its normal time-based rates;
- Clayton Utz has acted as an advisor to the Company in relation to certain aspects of Australian therapeutic goods and food standards regulatory advice. The Company has paid, or agreed to pay, up to $34,500 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz in accordance with its normal time-based rates.
- Simpson Grierson has acted as an advisor to the Company in relation to certain aspects of New Zealand dietary supplements regulatory advice. The Company has paid, or agreed to pay, up to NZD10,250 (excluding disbursements) for these services up until the Prospectus Date. Further amounts may be paid to Simpson Grierson in accordance with its normal time-based rates.
- Arnold & Porter has acted as an adviser to the Company in relation to certain aspects of United Kingdom medicinal product and food supplement regulatory advice. The Company has paid, or agreed to pay, up to GBP11,500 (excluding disbursements) for these services up until the Prospectus Date. Further amounts may be paid to Arnold & Porter in accordance with its normal timebased rates.
- Mills Oakley have acted as Intellectual Property lawyers to the Company in relation to the Intellectual Property Report on Trade Marks. The Company has paid, or agreed to pay, up to $1,100 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Mills Oakley in accordance with its normal time-based rates.

The Company will pay these amounts, and other expenses of the Offer, out of funds raised under the Offer or cash otherwise available to the Company (or its Subsidiaries). Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.4.

6.7 INTERESTS AND BENEFITS – DIRECTORS

6.7.1 Executive and non-executive Directors' fees and remuneration

Under the Constitution, the Directors decide the total amount paid to each Director as remuneration for their services as a Director to the Company. However, under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company's general meeting. This aggregate amount is currently $400,000.

Below is a table detailing the amount of remuneration each Director of Biome Australia is entitled to receive per annum at the Listing Date.

Name	Position/s	Amount per annum	Other compensation
Mr Ilario Faenza	Executive Director	$90,000 plus superannuation $8,000 for the roles as member of both the Audit and Risk Management Committee and Nomination and Remuneration Committee	Nil
Mr Blair Vega Norfolk	Non-Executive Director	$350,000 plus superannuation	**Short term incentive** ▪ $150,000 per annum ▪ 2 x FY2021 Revenue with Gross Margin > 55% is required by 30 June 2022 to achieve 100% of the STI ▪ Pro-rata scaled from 1.5 x FY2021 Revenue (Gross Margin > 55%) ▪ Zero STI paid if Revenue is < 1.5 x FY2021 Revenue **Long term incentive** $1,000,000 over a 3 year period, payable if the following is met (calculated on an aggregated basis): ▪ FY2022 $4M Revenue ▪ FY2023 $7M Revenue ▪ FY2024 $10M Revenue The revenue will be determined based on the annual audited accounts of the Company; LTI will be paid as follows: ▪ 80% achievement = 50% LTI ▪ 90% achievement = 75% LTI ▪ 100% achievement = 100% LTI
Ms Dominique Fisher	Non-Executive Director	$60,000 plus superannuation $25,000 for the roles as Chair of the Audit and Risk Management Committee chair of the Nomination and Remuneration Committee	Nil

Ilario Faenza and Blair Vega Norfolk has previously received Performance Rights as part of their remuneration packages. These convert into Shares on IPO Completion on a 1 for 1 basis. Refer to Section 6.7.2 below for further details.

Each Director is also entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee on which they serve. As at the Prospectus Date, the following fees will be paid to the member of the Audit and Risk Committee and Nomination and Remuneration Committee:

- Audit and Risk Management Committee:
- Chair - $15,000 per annum;
- Member - $5,000;
- Nomination and Remuneration Committee:
- Chair - $10,000 per annum; and
- Member - $3,000.

The terms of appointment of each of the non-executive Directors are customary for appointments of this nature.

Refer to Section 9.9 of this Prospectus for a summary of the Executive Services Agreement and Letters of Appointment of each of the Directors.

6.7.2 Directors' interests in Shares, Performance Rights and Options

Directors are not required under the Constitution to hold any Shares in the Company. The Directors (and their associates) are entitled to apply for Shares in the Offer.

The Directors (and their associates) are entitled to apply for New Shares in the Offer. The Directors reserve their rights as at the Prospectus Date as to whether they will participate in the Offer. Nothing in this Prospectus will be taken to preclude Directors, officers, employees or advisors of Biome Australia, from applying for New Shares on the same terms and conditions as offered pursuant to this Prospectus.

(a) Shares, Performance Rights and Options

The table below sets out the interests of the Directors as at the Prospectus Date and their percentage interest in Biome Australia following completion of the Offer.

Refer to Section 13.1.1 and 13.1.2 for further details on the capital structure.

The Directors the following interests in Shares, Options and Performance Rights both at the Prospectus Date and at IPO Completion:

Director	As the Prospectus Date			At IPO Completion				
	Shares[1]	Options	Performance Rights[2]	Shares[1]	Options	Performance Rights[2]	Undiluted diluted %	Fully diluted %
Mr Ilario Faenza[4]	950,794	Nil	471,015	1,421,809	Nil	Nil	0.7%	0.7%
Mr Blair Vega Norfolk[5]	8,332,969	Nil	5,832,247	14,165,216	Nil	Nil	7.1%	6.5%
Ms Dominique Fisher	Nil	Nil	Nil	Nil	Nil	Nil	0%	0%

Notes:

1. Refer to Section 13.1.1 and Section 13.2 for detail of the Existing Shares.
2. The Performance Rights are automatically converted into Shares on a 1:1 basis at IPO Completion. The number of Shares held is consequently increased on the basis of the conversion of the Performance Rights held by each Director. Refer to Section 13.1.1 and Section 13.4 for a snapshot of the Performance Rights and a summary of the rights attaching to the Performance Rights.
3. Ilario Faenza, Director holds his Shares and Performance Rights in FDV INVESTMENTS PTY LTD, an entity that he controls.
4. Blair Vega Norfolk, Director holds his Shares and Performance Rights either directly or in OCEAN AND REMI PTY LTD <CAMBRIA PARTNERS A/C>, an entity that he controls.

This table does not take into account any New Shares that may be acquired under the Offer.

(b) Performance Rights held by Directors

The only Directors that hold Performance Rights are Blair Vega Norfolk and Ilario Faenza. These Performance Rights are issued on the following terms:

Details	Performance Rights	Applicable Performance Hurdle	Conversion Date
Directors that hold performance rights	471,015 Performance Right held by Ilario Faenza[1]	Successfully completing the IPO of Biome Australia	Automatically covert into Shares on IPO Completion on a 1:1 basis
	5,832,247 Performance Right held by Blair Vega Norfolk[1]	Successfully completing the IPO of Biome Australia	Automatically covert into Shares on IPO Completion on a 1:1 basis
Conversion ratio	1 Share for every Performance Right.		
Other applicable terms	The Performance Right are otherwise subject to the terms of the Employee Incentive Plan detailed in Section 13.5.		

Notes:

1. Ilario Faenza, Director holds his Shares and Performance Rights in FDV INVESTMENTS PTY LTD, an entity that he controls.
2. Blair Vega Norfolk, Director holds his Shares and Performance Rights either directly or in OCEAN AND REMI PTY LTD <CAMBRIA PARTNERS A/C>, an entity that he controls.

Refer to Section 13.5 for a summary of the Employee Incentive Plan.

These Shares on conversion of the Performance Rights held by the Directors are subject to ASX imposed escrow for a period of 24 months commencing from the date of Quotation.

No Director holds any Options.

6.7.3 Interests of the Advisory Boards

No fee is payable by the Company to the members of the Biome Scientific Advisory Board and Pharmacy Advisory Board.

The members of the Biome Scientific Advisory Board and Pharmacy Advisory Board have the following interests in Biome Australia:

Biome Scientific Advisory Board

Name	Remuneration	Interests in Shares, Options and Performance Rights
Dr Marco Pane	Nil	143,695 Shares
Dr Niklas Larsson	Nil	Nil
Dr Jaroslav Boublik	Nil with respect to this role. Dr Jaroslav is also the Chief Scientific Officer and receives a separate consulting fee for that role. Refer to Section 9.9 for further detail.	2,212,608 Shares[1] 1,485,508 Performance Rights[1]

Pharmacy Advisory Board

Name	Remuneration	Interests in Shares, Options and Performance Rights
Catherine Bronger	Nil	579,710 Shares[1]
Cameron Unsworth	Nil	Nil
Amanda Bryce	Nil	326,086[1]

Notes

1. Held through a controlled entity.

6.7.4 Deeds of Access, Insurance and Indemnity for Directors

Access

The Company has entered into deeds of access, insurance and indemnity with each Director which contain rights of access to certain books and records of the Company.

Indemnification

Under the Constitution, the Company may indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, the Company indemnifies parties against all liabilities to another person that may arise from their position as an officer of the Company or its Subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

Insurance

Under the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law, and under the deed of access, insurance and indemnity, the Company must maintain insurance cover for each Director for the duration of the access period.

6.7.5 Employee incentive arrangements

On 2 October 2021, Biome Australia established the Employee Incentive Plan to assist in the motivation, reward and retention of its Directors, executive staff and other selected employees.

The key elements of the Employee Incentive Plan are detailed in Section 13.5.

Details of all Options or Shares issued on exercise of Options issued under the Employee Incentive Plan will be published in each annual report of Biome Australia relating to the period in which the Options or underlying Shares are issued.

6.8 CORPORATE GOVERNANCE

This Section explains how the Board will oversee the management of Biome Australia's business. The Board is responsible for the overall corporate governance of the Biome Australia Group. The Board monitors the operational and financial position and performance of Biome Australia and oversees its business strategy, including approving the strategic goals of Biome Australia and considering and approving its annual business plan and the associated budget. The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return and sustaining the growth and success of Biome Australia. In conducting Biome Australia's business with these objectives, the Board seeks to ensure that Biome Australia is properly managed to protect and enhance Shareholder interests and that Biome Australia, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has developed and ado pted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for Biome Australia's business.

The main policies and charters adopted by Biome Australia are summarised below. In addition, many governance elements are contained in the Constitution. Details of Biome Australia's key policies and the charters for the Board and each of its committees will be available at www.biomeaustralia.com/shareholders.

Biome Australia is seeking a listing on the ASX. In order to promote investor confidence and to assist companies to meet stakeholder expectations, the ASX Corporate Governance Council has developed and released Corporate Governance Principles and Recommendations.

The Company has adopted its corporate governance policies having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (**ASX Recommendations**).

The ASX Recommendations are not mandatory or prescriptive and the Board is entitled not to adopt a particular recommendation if it considers it inappropriate in the context of the business. However, under the ASX Listing Rules Biome Australia will be required to provide a corporate governance statement in its annual report (or by reference in its annual report to the URL of the page on its website where the statement can be viewed), disclosing the extent to which it has followed the ASX Recommendations within the reporting period. Where Biome Australia does not follow a recommendation for any part of a reporting period, it must identify the recommendation and provide its reasons for not doing so and what (if any) alternative governance practices it adopted in lieu of the recommendation.

Except as set out in Section 6.13 below, the Board does not anticipate that it will depart from the recommendations of the ASX Corporate Governance Council; however it may do so in the future if it considers such a departure would be reasonable.

6.9 BIOME AUSTRALIA'S STATEMENT OF VALUES

Biome Australia's purpose is to create a community of greater health, built on leading scientific research. Biome Australia's values represent what the Company stands for as an organisation and articulates the behaviours and standards expected at Biome Australia in the pursuit of that purpose. Biome Australia acknowledges that its long-term success is dependent on maintaining the respect, trust, and confidence of its shareholders and the market.

Our values are:

- *Thought leadership* – We will continue to stay at the cutting edge of research and be trusted leaders in applying evidence-based microbiome theory to human health.
- *Accuracy* – Precision and process care will underpin the quality of results we achieve. We will only promise what is proven and possible.
- *Empathy* – We will put ourselves in the shoes of people with less knowledge and health challenges, always taking the time to understand and respond to their needs.
- *Passion* – We want to make a difference for everyone who interacts with Biome Australia and for the future health of humanity. It is a goal worth being passionate about.

6.10 BOARD APPOINTMENT AND COMPOSITION

It is the Board's policy that there should, where practicable, be a majority of independent Directors and that the office of Chair of the Board be held by an independent non-executive Director.

The Board Charter sets out guidelines for the purpose of determining independence of Directors in accordance with the ASX recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations. The Board considers an independent Director to be a non-executive Director who is not a member of Biome Australia's management and who is free of any business or other relationship that could materially interfere with the independent exercise of their judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board considers that:

- Ms Dominique Fisher is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and are able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

- Mr Ilario Faenza is not considered to be independent as the basis that he has previously received Performance Rights under the Employee Incentive Plan and these Performance Rights will automatically convert into Shares on IPO Completion. Following IPO Completion, Mr Ilario Faenza will not receive any further performance based securities in Biome Australia so that he is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of his judgement as a Director. The independence of Mr Ilario Faenza will be considered annually.
- Mr Blair Vega Norfolk is not considered to be independent as he is an executive Director of the Company.

The Board is responsible for the overall corporate governance of Biome Australia and has adopted the following charters and policies:

- Board Charter;
- Audit and Risk Committee Charter;
- Nomination and Remuneration Committee Charter;
- Code of Conduct;
- Trading Policy;
- Diversity Policy;
- Disclosure and Communication Policy;
- Anti-Bribery and Corruption Policy;
- Whistleblower Policy; and
- Privacy Policy.

A summary of the key terms of these charters and policies is set out below. Copies can be obtained from Biome Australia's website www.biomeaustralia.com/shareholders.

6.11 BOARD COMMITTEES

The Board may from time to time establish committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee. Membership of Board committees will be based on the needs of Biome Australia, relevant legislation, regulatory and other requirements, and the skills and experience of Board members, as relevant to the committees.

Each committee has the responsibilities described in its respective committee charter which has been prepared with regard to the ASX Listing Rules and the ASX Corporate Governance Principles.

6.12 GOVERNANCE POLICIES

The governance policies set out in this Section 6.12 have been adopted by the Board and will be made available on the Biome Australia Group's website prior to its admission to the Official List.

Governance policy	Summary
Board Charter	The Board Charter provides a framework for the effective operation of the Board and sets out: ▪ the role and responsibilities of the Board, Chairperson and Company Secretary; ▪ delegations of authority to committees and management; ▪ the size and composition of the Board; and ▪ Board processes, including the ability of Directors to seek independent professional advice and review of Board performance. Please see the Corporate Governance Statement at Section 6.13 for further information on the role of the Board.
Audit and Risk Committee Charter	The Audit and Risk Committee Charter sets out the role, responsibilities, membership and operation of the Audit and Risk Committee. The charter notes that the role of the Audit and Risk Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of the: ▪ integrity of Biome Australia's financial reporting systems, internal and external financial reporting and financial statements; ▪ appointment, remuneration, independence and competence of Biome Australia's external auditors; ▪ performance of the external audit functions and review of their audits; ▪ effectiveness of Biome Australia's system of risk management and internal controls; and ▪ Biome Australia's systems and procedures for compliance with applicable legal and regulatory requirements. The charter also sets out: ▪ the size and composition of the Audit and Risk Committee; and ▪ committee processes, including the ability of the committee to seek independent professional advice. From Listing, the Audit and Risk Committee will comprise Ms Dominique Fisher (Chair), Mr Ilario Faenza and Dr Jaroslav Boublik. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion. Following their appointment, it is anticipated that that person will join the Audit and Risk Committee as the fourth member.

Nomination and Remuneration Committee Charter	The Nomination and Remuneration Committee Charter sets out the role, responsibilities, membership and operation of the Nomination and Remuneration Committee. The committee assists and advises the Board on: ▪ nomination matters, including Board, CEO and senior executive succession planning, performance evaluation and the recruitment, appointment and re-election of directors; and ▪ remuneration matters, including assisting and advising on remuneration policies and practices for the Board, the CEO and senior executives. The charter also sets out: ▪ the size and composition of the Nomination and Remuneration Committee; and ▪ committee processes, including the ability of the committee to seek independent professional advice. From Listing, the Nomination and Remuneration Committee will comprise Ms Dominique Fisher (Chair), Mr Ilario Faenza and Dr Jaroslav Boublik. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion. Following their appointment, it is anticipated that that person will join the Nomination and Remuneration Committee as the fourth member.
Code of Conduct	The Code of Conduct applies to all Directors as well as all officers, employees, contractors, consultants, other persons that act on behalf of Biome Australia, and associates of Biome Australia. Please see the Corporate Governance Statement at Section 6.13 for further information on the Code of Conduct. Among other matters (as described in Section 6.13), the Code of Conduct sets out how related party transactions are to be managed, including requiring that all related party transactions be: ▪ notified to the Company Secretary prior to their execution; ▪ on arm's length terms; and ▪ approved by the Board. Related party transactions not on arm's length terms must be approved by Biome Australia's shareholders unless another exception in the Corporations Act applies. The Code of Conduct sets out the process for referring proposed related party transactions. The Code of Conduct notes that compliance with the code will be monitored and any known or suspected breaches will be investigated. If a breach is found to have occurred, legal or disciplinary action may be taken.
Trading Policy	The Trading Policy governs the buying and selling of any securities in Biome Australia that are able to be traded on a financial market. The policy summarises insider trading laws and confidentiality requirements as well as the rules that apply to all Directors, officers, key management personnel, Biome Australia employees, and other designated persons (and their families and associates) in relation to specific matters, including: ▪ the periods during which such persons may deal in Biome Australia's securities and the exceptions to dealing outside of those periods; and ▪ restrictions in relation to margin lending, short-term or speculative trading and hedging.
Diversity Policy	The Diversity Policy applies to the Board, as well as senior management, employees and contractors of Biome Australia. The Board believes that the Company is not currently of a relevant size to justify the establishment of specific targets relating to gender diversity in the Company. However, Biome Australia is committed to promoting diversity within the Company and recognises the value of diversity in achieving Biome Australia's corporate objectives and maximising value to shareholders. As such, the Board will periodically review the need for specific and measurable targets. The Diversity Policy sets out the objectives of Biome Australia in relation to diversity and notes that the Board is responsible for designing and overseeing the implementation of the policy, with employees being required to act in a manner that supports diversity within the workplace and promotes the objectives of the policy. The policy also deals specifically with gender diversity and non-inclusive or discriminatory behaviour.
Disclosure and Communication Policy	The Disclosure and Communication Policy applies to the Board as well as officers, employees and consultants of Biome Australia. The policy deals with: ▪ Biome Australia's continuous disclosure obligations in line with Chapter 3 of the Listing Rules; ▪ the roles and responsibilities of the Board, the Company Secretary and other employees in relation to disclosure obligations; ▪ disclosure processes; ▪ market communications; and ▪ shareholder communications.

Whistleblower Policy	The Whistleblower Policy encourages employees to raise any concerns and report instances of illegal, unacceptable, or undesirable conduct within the Company. The policy deals with (among other things): ▪ how employees can make reports about any of the above behaviours anonymously and/or confidentially, securely, and outside of business hours; ▪ the procedures following disclosure by an employee; ▪ how investigations will be conducted by the Company; ▪ reporting of the outcome of the investigation; and ▪ communications to whistleblowers.
Anti-Bribery and Corruption Policy	The Anti-Bribery and Corruption Policy sets out the Company's stance in relation to bribes, corruption, or other improper payments or benefits received or given by the Company and its personnel and the damage to the Company's reputation and good standing in the community. The policy provides a framework under which gifts or benefits over $1,000 are either to be rejected by the receipt or recorded in Biome Australia's gift and entertainment register that is maintained by the CFO.

6.13 CORPORATE GOVERNANCE STATEMENT

Subject to its admission to the Official List of the ASX, Biome Australia will be required to report any departures from the ASX Recommendations in its annual financial report. Biome Australia's compliance and departures from the ASX Recommendations as at the Prospectus Date are as follows:

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 1 – Lay solid foundations for management and oversight A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance		
Recommendation 1.1 A listed entity should have and disclose a board charter setting out: ▪ the respective roles and responsibilities of its board and management; and ▪ those matters expressly reserved to the board and those delegated to management.	Yes	Biome Australia has adopted a formal charter (Board Charter) clearly setting out the respective roles and responsibilities of the Board, the Chairman, and Company Secretary. Responsibilities reserved to the Board include: ▪ providing leadership and setting the strategic objectives of Biome Australia; ▪ appointing the chairperson; ▪ appointing and when necessary replacing the CEO; ▪ approving the appointment and when necessary replacement of other senior executives of Biome Australia; ▪ overseeing management's implementation of Biome Australia's strategic objectives and its performance generally; ▪ through the chairperson, overseeing the role of the Company Secretary; ▪ approving operating budgets and major capital expenditure; ▪ overseeing the integrity of Biome Australia's accounting and corporate reporting systems, including the external audit; ▪ overseeing Biome Australia's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of Biome Australia's securities; ▪ ensuring that Biome Australia has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; ▪ approving Biome Australia's remuneration framework; and ▪ monitoring the effectiveness of Biome Australia's governance practices. A copy of the Board Charter is available on Biome Australia's website.

Recommendation 1.2 A listed entity should: ▪ undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and ▪ provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	The Board undertakes appropriate checks relating to each individual's character, experience, education, criminal record, and bankruptcy history before appointing or nominating Board candidates. All information relevant to a decision to elect or re-elect a Director will be provided to Shareholders in any notice of meeting pursuant to which a resolution to elect or re-elect a Director will be voted upon. In addition, Biome Australia has established a Nomination and Remuneration Committee to identify and make recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise and the results of appropriate checks.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company's Board Charter requires that the terms and conditions of appointment of a Director be confirmed in a formal letter of appointment or a service contract. Specifically: ▪ the non-executive Directors have each executed a letter of appointment setting out the terms and conditions of their appointment; and ▪ the executive Director and senior executives of Biome Australia have entered into service contracts, setting out the terms and conditions of their employment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable directly to the Board, through the chairperson, on all matters to do with the proper functioning of the Board. Biome Australia has adopted a formal charter (Board Charter) setting out the Company Secretary's responsibilities. Under the Board Charter, the Company Secretary is responsible for: ▪ advising the Board and its committees on governance matters; ▪ monitoring the Board and committee policy and procedures are followed; ▪ coordinating the timely completion and dispatch of Board and committee papers; ▪ ensuring the business at Board and committee meetings is accurately captured in the minutes; and ▪ helping to organise and facilitate the induction and professional development of Directors and the Company Secretary.
Recommendation 1.5 A listed entity should: ▪ have a diversity policy; ▪ through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and ▪ disclose in relation to each reporting period: - the measurable objectives set for that period to achieve gender diversity; - the entity's progress towards achieving those objectives; and - either: ▪ (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ▪ (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	Partial	Biome Australia has a diversity policy (Diversity Policy) in place which promotes diversity and inclusiveness regardless of employees' experiences, perspectives, professional skills, gender, gender identity, age, sexual orientation, marital or family status, disabilities, ethnicity, religious beliefs, cultural and socioeconomic backgrounds. The Board notes that the Company is incorporating specific diversity targets into its hiring process but that its workforce size is small but growing at this time. Biome Australia values, recognises, and respects diversity in all respects and our workforce is made up of individuals with diverse skills, backgrounds, perspectives, and experiences. The Board will continue to monitor Biome Australia's growth and needs for specific diversity targets periodically. The Diversity Policy entrusts the Board with the responsibility for designing and overseeing the implementation of the Diversity Policy. Under the Diversity Policy, the Board is: ▪ required to develop initiatives that will promote and achieve diversity goals; ▪ responsible for reviewing this diversity policy and will assess the status of diversity within Biome Australia and the effectiveness of this policy in achieving the measurable objectives which have been set to achieve diversity; ▪ responsible for assessing the need for specific and measurable gender diversity targets periodically, and if required, setting those targets; and ▪ responsible for assessing the effectiveness of Biome Australia's diversity objectives each year.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Recommendation 1.6 A listed entity should: ▪ have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and ▪ disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.	Yes	Under the Board Charter, each Director's performance is assessed when standing for re-election. Before each annual general meeting, the Chairman of the Board assesses the performance of any Director standing for re-election and the Board will determine their recommendation to Shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairman) will conduct the review of the Chairman. In addition, the Nomination and Remuneration Committee is responsible for the development and implementation of a process for evaluating the performance and professional development needs of the Board.
Recommendation 1.7 A listed entity should: ▪ have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and ▪ disclose for each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.	Yes	Under the Board Charter, senior executives' performance will be considered by the independent Directors in a meeting separate to the Board meetings. The Chairman is responsible for ensuring independent Director meetings take place on a regular basis. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion.
Principle 2 – Structure the board to be effective and add value The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.		
Recommendation 2.1 The board of a listed entity should: ▪ have a nomination committee which: - has at least three members, a majority of whom are independent directors; and - is chaired by an independent director, and disclose: - the charter of the committee; - the members of the committee; and - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ▪ if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and resp	Partially	The Board has appointed a dedicated Nomination and Remuneration Committee, which will have authority and power to exercise the roles and responsibilities granted to it under a nomination and remuneration committee charter (Nomination and Remuneration Committee Charter), and any other resolutions of the Board from time to time. The committee is comprised of two Directors all of whom are non-executive Directors and one of whom is independent. The chairperson is an independent, non-executive Director. At Listing the members of the Nomination and Remuneration Committee are: ▪ Chairperson: Ms Dominique Fisher; ▪ Member: Mr Ilario Faenza; ▪ Member: Dr Jaroslav Boublik (Chief Science Officer). Dominique Fisher and Ilario Faenza are non-executive Directors and Ilario Faenza is not independent. The Nomination and Remuneration Committee is chaired by an independent director who is not the chair of the Board. Dr Jaroslav Boublik is the Chief Science Officer of the Company. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion. Following their appointment, it is anticipated that that person will join the Nomination and Remuneration Committee as the fourth member. The Nomination and Remuneration Committee Charter is available on Biome Australia's website.
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The Board has adopted a board skills matrix, which is available on Biome Australia's website. The Board intends on reviewing and updating the board skills matrix periodically as Biome Australia grows and the needs of the Company change.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Recommendation 2.3 A listed entity should disclose: ▪ the names of the directors considered by the board to be independent directors; ▪ if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX CG Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and ▪ the length of service of each director.	Yes	The Board considers that only Dominique Fisher is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and are able to fulfil the role of independent Director for the purpose of the ASX Recommendations. The Board will regularly assess the independence of each Director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time that the Board considers candidates for election to the Board, and each independent Director is required to provide the Board with all relevant information for this purpose. If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market in a timely fashion. All Directors' interests, position, association, relationships, and length of service have been disclosed in this Prospectus, and will be disclosed by Biome Australia to the market periodically.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	Given Biome Australia's age, the Board considers that Biome Australia cannot have a Board where the majority of members are independent directors. The Board is cognisant of the value of having a Board with majority independent directors and will strive to achieve this in the first 12 months post Listing as Biome Australia grows.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Chief Executive Officer of the entity.	Yes	The Chairman of the Board is Ilario Faenza who is a Non-Executive Director. The role of the Chief Executive Officer is held by Blair Vega Norfolk. Ilario Faenza is not considered to be independent as the basis that he has previously received Performance Rights under the Employee Incentive Plan and these Performance Rights will automatically convert into Shares on IPO Completion. Following IPO Completion, Mr Ilario Faenza will not receive any further performance based securities in Biome Australia so that he is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of his judgement as a Director.
Recommendation 2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Under the Board Charter, the Directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them. The Company Secretary in consultation with the Chairman is responsible for facilitating the induction and professional development of Directors.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 3 – Instil a culture of acting lawfully, ethically and responsibly A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.		
Recommendation 3.1 A listed entity should articulate and disclose its values.	Yes	Biome Australia's Statement of Values is contained in the code of conduct (**Code of Conduct**). The Code of Conduct is available on Biome Australia's website.
Recommendation 3.2 A listed entity should: ▪ have and disclose a code of conduct for its directors, senior executives and employees; and ▪ ensure that the board or a committee of the board is informed of any material breaches of that code.	Yes	The Board has adopted a code of conduct (Code of Conduct) which sets out the values, commitments, ethical standards and policies of Biome Australia and outlines the standards of conduct expected of Biome Australia's business and people, taking into account Biome Australia's legal and other obligations to its stakeholders. The Code of Conduct applies to all Directors, as well as all officers, employees, contractors, consultants, other persons that act on behalf of Biome Australia, and associates of Biome Australia. The Code of Conduct covers the following: ▪ Biome Australia's core values and Statement of Values; ▪ conflicts of interest; ▪ opportunities, benefits and ownership of work; ▪ anti-bribery and gifts; ▪ dealings with politicians and government officials; ▪ confidentiality; ▪ privacy; ▪ fair dealing; ▪ discrimination, bullying, harassment and vilification; ▪ health and safety; ▪ protection and use of Biome Australia's assets and property; ▪ compliance with laws; ▪ responsibility to Shareholders and other stakeholders; ▪ related party transactions; ▪ insider trading; and ▪ whistleblower protection. The Code of Conduct is available on Biome Australia's website.
Recommendation 3.3 A listed entity should: ▪ have and disclose a whistleblower policy; and ▪ ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes	Biome Australia has adopted a Whistleblower Policy. This policy encourages employees to raise any concerns and report instances of illegal, unacceptable, or undesirable conduct within the Company. The policy deals with (among other things): ▪ how employees can make reports about any of the above behaviours anonymously and/or confidentially, securely, and outside of business hours; ▪ the procedures following disclosure by an employee; ▪ how investigations will be conducted by the Company; ▪ reporting of the outcome of the investigation; and ▪ communications to whistleblowers. The Whistleblower Policy is available on Biome Australia's website.
Recommendation 3.4 A listed entity should: ▪ have and disclose an anti-bribery and corruption policy; and ▪ ensure that the board or a committee of the board is informed of any material breaches of that policy.	Yes	Biome Australia has adopted an Anti-Bribery and Corruption Policy. This policy outlines Biome Australia's stance in relation to bribes, corruption, and other improper payments or benefits received or given by the Company and its personnel and the damage to Biome Australia's reputation and good standing in the community. The policy provides a framework under which gifts or benefits over $1,000 are either to be rejected by the receipt or recorded in Biome Australia's gift and entertainment register that is maintained by the CFO. The Anti-Bribery and Corruption Policy is available on Biome Australia's website.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 4 – Safeguard integrity in corporate reports A listed entity should have appropriate processes to verify the integrity of its corporate reports.		
Recommendation 4.1 The board of a listed entity should: ▪ have an audit committee which: - has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and - is chaired by an independent director, who is not the chair of the board, - and disclose: - the charter of the committee; - the relevant qualifications and experience of the members of the committee; and - in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ▪ if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Partially	The Board has established an Audit and Risk Committee. This committee is responsible for, amongst other things, appointing Biome Australia's external auditors and overseeing the integrity of Biome Australia's financial reporting systems and financial statements. At Listing, the members of the Audit and Risk Committee are: ▪ Chairperson: Ms Dominique Fisher; ▪ Member: Mr Ilario Faenza; ▪ Member Dr Jaroslav Boublik (Chief Science Officer). Dominique Fisher and Ilario Faenza are non-executive Directors and Ilario Faenza is not independent. The Audit and Risk Committee is chaired by an independent director who is not the chair of the Board. Dr Jaroslav Boublik is the Chief Science Officer of the Company. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion. Following their appointment, it is anticipated that that person will join the Audit and Risk Committee as the fourth member. Biome Australia has also adopted an Audit and Risk Committee Charter which governs the responsibilities and powers of the Audit and Risk Committee which is available on Biome Australia's website. Biome Australia intends to disclose, at the relevant time, the number of times the Audit and Risk Committee has met, and the attendance at those meetings, at the end of each relevant reporting period.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Board will implement a process to receive written assurances from its Chief Executive Officer and Chief Financial Officer that the declarations that will be provided under section 295A of the Corporations Act are founded on a system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks. The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes	In addition to reviewing regulatory filings and decisions as they relate to Biome Australia's financial statements, the Audit and Risk Committee will review any reports that are to be released to the market that are not audited or reviewed by an external auditor. In doing so, the Audit and Risk Committee will also disclose its process for verifying the integrity of any such report. Additionally, Biome Australia has adopted a formal Disclosure and Communication Policy, where there is an express requirement that the external auditor will attend the AGM and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 5 – Make timely and balanced disclosure A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.		
Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Yes	Consistent with the Board's commitment to improving its disclosure policy, the Board has adopted a Disclosure and Communication Policy, which sets out Biome Australia's commitment to the objective of promoting investor confidence and the rights of Shareholders by: ▪ complying with the continuous disclosure obligations imposed by law; ▪ ensuring that company announcements are presented in a factual, clear and balanced way; ▪ ensuring that all Shareholders have equal and timely access to material information concerning Biome Australia; and ▪ communicating effectively with Shareholders and making it easy for them to participate in general meetings. The Disclosure and Communication Policy is available on Biome Australia's website.
Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes	Biome Australia has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.
Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Yes	Biome Australia has adopted a Disclosure and Communication Policy which specifically requires that all substantive investor or analyst presentations be released to the market prior to the relevant presentation.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 6 – Respect the rights of security holders A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Biome Australia recognises the rights of its Shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Biome Australia Group. Information concerning Biome Australia and its governance practices is available on its website. Additionally, Biome Australia will strive to communicate with Shareholders and other stakeholders in a regular manner as outlined in Principle 5 of this statement.
Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	As mentioned above under Recommendation 5.1, the Board has adopted a Disclosure and Communication Policy, which supports its commitment to effective two-way communication with its Shareholders. In addition, Biome Australia intends to communicate with its Shareholders: ▪ by making timely market announcements; ▪ by posting relevant information on its website; ▪ by inviting Shareholders to make direct inquiries to Biome Australia; and ▪ through the use of general meetings.
Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	The Board encourages participation of Shareholders at the Annual General Meeting or any other shareholder meetings to ensure a high level of accountability and identification with Biome Australia's strategy and goals. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary will send out material with that notice stating that Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Partial	Biome Australia's Constitution provides Biome Australia with the ability to decide any resolution, save for procedural resolutions, on a poll. Further, a poll may also be demanded by Shareholders. Where possible, Biome Australia will endeavour to decide all resolutions on a poll. Biome Australia considers that these requirements adequately protect the interests of Shareholders.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Biome Australia's Shareholders may elect to receive information from Biome Australia and its registry electronically. Otherwise, Biome Australia and its registry will communicate by post with Shareholders who have not elected to receive information electronically.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 7 – Recognise and manage risk A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
Recommendation 7.1 The board of a listed entity should: ▪ have a committee or committees to oversee risk, each of which: - has at least three members, a majority of whom are independent directors; and - is chaired by an independent director; disclose: - the charter of the committee; - the members of the committee; and - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ▪ if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Partially	The Board has adopted a formal Audit and Risk Committee to, amongst other things, ensure Biome Australia has an effective risk management system in place and to manage key risk areas. As noted above, at Listing the members of the Audit and Risk Committee are: ▪ Chairperson: Dominique Fisher; ▪ Member: Ilario Faenza; ▪ Member: Dr Jaroslav Boublik (Chief Science Officer). Dominique Fisher and Ilario Faenza are non-executive Directors and Ilario Faenza is not independent. The Audit and Risk Committee is chaired by an independent director. Dr Jaroslav Boublik is the Chief Science Officer of the Company. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion. Following their appointment, it is anticipated that that person will join the Audit and Risk Committee as the fourth member. The relevant qualifications and experience of the members of the Audit and Risk Committee are disclosed on Biome Australia's website but will not be disclosed in the Audit and Risk Committee Charter. Biome Australia intends to disclose, at the relevant time, the number of times the committee has met, and the attendance at those meetings, at the end of each reporting period. Biome Australia has adopted an Audit and Risk Committee Charter which is available on Biome Australia's website.
Recommendation 7.2 The board or a committee of the board should: ▪ review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and ▪ disclose, in relation to each reporting period, whether such a review has taken place.	Yes	Under the Board Charter, the Board will ensure that Biome Australia has in place an appropriate risk management framework and will set the risk appetite within which the Board expects management to operate. Further, it is intended that the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that Biome Australia has an effective risk management system. As part of this process, the Board will review, at least annually, Biome Australia's risk management framework in order to satisfy itself that it continues to be sound. Biome Australia intends to disclose, at the relevant time, whether a review of Biome Australia's risk management framework was undertaken during the relevant reporting period.
Recommendation 7.3 A listed entity should disclose: ▪ if it has an internal audit function, how the function is structured and what role it performs; or ▪ if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	Yes	Due to the current scope and size of Biome Australia's operations, it does not currently have an internal audit function. Biome Australia relies on external auditors to undertake this function in compliance with relevant laws and requirements of the ASX. However, the Audit and Risk Committee is responsible for reviewing the need for an internal audit function and for implementing an internal audit function if it deems one necessary. In addition, the Audit and Risk Committee will be responsible for preparing a risk profile which describes the material risks facing Biome Australia, regularly reviewing and updating this risk profile, and assessing and ensuring that there are internal controls in place for determining and managing key risks.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Yes	Biome Australia has disclosed all material risks facing Biome Australia and how it intends to manage those risks in Section 5 of this Prospectus, including exposure to economic, environmental and social sustainability risks. Biome Australia will continue to disclose these material risks in the future in its annual report or elsewhere as appropriate.

ASX Recommendations	Compliance (Yes/No)	Compliance by Biome Australia
Principle 8 – Remunerate fairly and responsibly A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.		
Recommendation 8.1 The board of a listed entity should: ▪ have a remuneration committee which: - has at least three members, a majority of whom are independent directors; and - is chaired by an independent director; ▪ disclose: - the charter of the committee; - the members of the committee; and - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ▪ if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Partially	Biome Australia has established a Nomination and Remuneration Committee. The committee is responsible for developing, reviewing and making recommendations on: ▪ the remuneration framework for Directors, including the process by which any pool of Directors' fees approved by security holders is allocated to Directors; ▪ the remuneration packages to be awarded to senior executives; ▪ equity-based remuneration plans for senior executives and other employees; and ▪ superannuation arrangements for Directors, senior executives and other employees. As noted above, at Listing the members of the Nomination and Remuneration Committee are: ▪ Chairperson: Dominique Fisher; ▪ Member: Ilario Faenza; ▪ Member: Dr Jaroslav Boublik (Chief Science Officer). Dominique Fisher and Ilario Faenza are non-executive Directors and Ilario Faenza is not independent. The Nomination and Remuneration Committee is chaired by an independent director. Dr Jaroslav Boublik is the Chief Science Officer of the Company. It is anticipated that a second independent non-executive director will be appointed by the Board within the 12 months following IPO Completion. Following their appointment, it is anticipated that that person will join the Nomination and Remuneration Committee as the fourth member. Biome Australia intends to disclose, at the relevant time, the number of times the committee has met, and the attendance at those meetings, at the end of each reporting period. Biome Australia has adopted a Nomination and Remuneration Committee Charter which is available on Biome Australia's website.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Each Director and senior executive has entered into a separate agreement with Biome Australia. The remuneration of Directors and senior executives is to be reviewed annually. As noted above, a Nomination and Remuneration Committee Charter is in place and this committee is responsible for reviewing remuneration. The Nomination and Remuneration Committee is responsible for establishing a process for remuneration reviews and amending that process as it sees fit.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: ▪ have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and ▪ disclose that policy or a summary of it.	Yes	Biome Australia's Trading Policy is a code that is designed to minimise the risk of insider trading. The Trading Policy explains when options or rights under an employee incentive scheme can be exercised and also outlines Biome Australia's restrictions around margin lending, short-term or speculative trading in Biome Australia and hedging. The Trading Policy is available on Biome Australia's website.

6.14 COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and providing advice to the Board on matters involving corporate governance and the ASX Listing Rules. All Directors have unfettered access to the advice and services of the Company Secretary. As at the Prospectus Date, George Lazarou is the Company Secretary.

6.15 INDEPENDENT PROFESSIONAL ADVICE

To fulfil their duties and responsibilities as Directors, each Director (with the prior approval of the Chairman) may seek independent legal or other professional advice about any aspect of the Company's operations. The Chairman's approval may not be unreasonably withheld or delayed. The cost of the advice is borne by the Company.



Image attribution: Biome Australia - Featuring Sarah Hogg, Practitioner Education Consultant and Territory Manager WA

7. Details of the Offer

7. Details of the offer

7.1. THE OFFER

This Prospectus relates to an initial public offering in Biome Australia at an Offer Price of $0.20 per Share (**Offer Price**).

The Offer contained in this Prospectus is an invitation to apply for 40,000,000 new fully paid ordinary shares (**New Shares**) in the Company at $0.20 per New Share (the **Offer**).

The total number of Shares on issue at completion of the Offer will be 199,909,857 and all Shares will, once issued, rank equally in all respects with the Existing Shares currently on issue. Detail of the capital structure of Biome Australia is contained in Section 13.1. A summary of the rights attaching to the Shares is set out in Section 13.2.

7.2. SUBSCRIPTION AMOUNT

The Subscription Amount for the Offer is 40,000,000 New Shares at the Offer Price of $0.20 per New Share to raise a minimum of $8 million. No New Shares will be allotted or issued until the Offer has reached the Subscription Amount of 40,000,000 New Shares. Biome Australia will not issue any New Shares in excess of the Subscription Amount.

If:

- the Subscription Amount of the Offer of 40,000,000 New Shares has not been achieved within four months after the Prospectus Date (or any longer period as ASIC and ASX may permit); or
- ASX approval of the ASX Application is not given within three months after such ASX Application is made (or any longer period as ASIC and ASX may permit),

all Application Money will be refunded without interest in accordance with Corporations Act.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.3 STRUCTURE OF THE OFFER

The Offer comprises:

Structure of the Offer details	Eligibility	More information
Broker Firm Offer	The Broker Firm Offer is open to investors with a registered address in Australia who have received an invitation from their Broker to participate.	Section 7.11
Institutional Offer	The Institutional Offer consists of an invitation to apply for New Shares made to Institutional Investors in Australia, Hong Kong, New Zealand, United Kingdom, Singapore and a number of other eligible jurisdictions.	Section 7.12
Chairman's List Offer	The Chairman's List Offer is only open to selected investors in Australia and a number of other eligible jurisdictions who have received an invitation to participate in the Chairman's List Offer.	Section 7.13

No general public offer of New Shares will be made under the Offer.

The Offer is not underwritten.

7.4. APPLICATION OF PROCEEDS

In satisfaction of the specific requirements of ASX Listing Rule 1.3.2(b) regarding the indicative future application of cash expected to be available to Biome Australia following completion of the Offer, the use of proceeds relating to the Offer is detailed below.

Based on the Subscription Amount of $8 million, Biome Australia expects to receive approximately $7 million of net proceeds from the Offer. The table below sets out the proposed use of funds from the Offer.

Uses of proceeds [1]	Estimated spend $m	% of funds raised
Inventory Additional inventory costs to support growth[1]	$2.4 million	30.0 %
Sales & Marketing Additional staff and marketing budget to support growth[2]	$2.15 million	26.9 %
New Product Development Additional product development costs to expand the product range[3]	$0.5 million	6.3 %
Administrative and working capital Administration costs and working capital.[4]	$1.95 million	24.4 %
Costs of the Offer Payment of costs of the Offer.[5]	$1.0 million	12.5 %
Total uses	**$8 million**	**100 %**

Notes:

1. This will cover anticipated inventory costs which are anticipated to increase following IPO Completion as Biome Australia grows.
2. This will cover sales and marketing costs which are part of the growth strategy and are anticipated to increase following IPO Completion as Biome Australia grows. Refer to Section 3.5.1 for further information.
3. This funding will enable new product development to assist Biome Australia to expand its product range, assisting growth. Refer to Section 3.2.5 for detail of Biome Australia's current products under development.
4. Working capital expenditure is to be applied to funds required to expand the business, and towards administration costs associated with Biome Australia. These costs include costs for wages and salaries, occupancy costs, professional consultants' fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs.
5. Refer to Section 13.10 for detail on the expenses of the Offer.

The use of funds set out above represents Biome Australia's current intentions based upon its present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of Biome Australia's development efforts.

The above table is a statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the level of sales success, operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The use of further equity funding or share placements will be considered by the Board where it is appropriate to accelerate a specific project, transaction or expansion.

It is possible that future projects, transactions or expansions that may be contemplated may exceed the current projected financial resources of Biome Australia and it is expected that these activities would be funded by project finance and/or subsequent equity issues (subject to required shareholder approvals, if any).

7.5 PURPOSE OF THE OFFER

The Offer is being conducted to:

- raise funds to strengthen the Biome Australia statement of financial position and provide working capital to meet the proposed expenses as set out in Section 7.4;
- provide Biome Australia with additional financial flexibility through improved access to capital markets;
- provide a liquid market for Shares and an opportunity for others to invest in the Company; and
- provide Biome Australia with the benefits of an increased profile that comes from being a Listed company.

7.6 PRO FORMA HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Biome Australia's pro forma statement of financial position following completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.

7.7 SHAREHOLDING STRUCTURE

Refer to Section 13.1.1 and 13.1.2 for details of the Shareholding structure.

Details of the Shares and Options that will be subject to escrow arrangements are set out in Section 13.8.

7.8 CONTROL IMPLICATIONS OF THE OFFER

Refer to Section 13.6 for detail on section 606 of the Corporations Act.

The Directors do not expect any Shareholder to control Biome Australia on completion of the Offer (as defined in Section 50AA of the Corporations Act).

7.9 POTENTIAL EFFECT OF THE OFFER ON THE FUTURE OF THE COMPANY

The Directors believe that, on IPO Completion, Biome Australia will have sufficient working capital available from the cash proceeds of the Offer to fulfil the purposes of the Offer and meet Biome Australia's stated business objectives as described in this Prospectus.

7.10 KEY TERMS AND CONDITIONS OF THE OFFER

The key terms and conditions that apply to the Offer are summarised in the table below:

What is the type of security being offered?	New Shares, being fully paid ordinary New Shares in the capital of Biome Australia.
What are the rights and liabilities attached to the security being offered?	A description of the New Shares, including the rights and liabilities attaching to them, is set out in Section 13.2.
What consideration is payable for each Share under the Offer?	The Offer Price is $0.20 per New Share under the Broker Firm Offer, Chairman's List Offer and Institutional Offer.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out on page 5 in the Key Offer Information Section. This timetable is indicative only and may change. The Company, in consultation with the Lead Manager, reserves the right to vary both of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Money will be refunded in full (without interest) as soon as possible and in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of lodgement of the Original Prospectus.
What cash proceeds to be raised under the Offer?	$8 million will be raised from the proceeds of the Offer.
Is the Offer underwritten?	No, the Offer is not underwritten.

What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Institutional Offer and Chairman's List Offer will be determined by the Lead Manager and the Company. Refer to the information in Sections 7.11, 7.12 and 7.13 for specific detail on allocation policies within the Broker Firm Offer, Institutional Offer and Chairman's List Offer.
Valid Application Forms	Refer to the information in Sections 7.11, 7.12 and 7.13 for specific detail on how to apply under the Broker Firm Offer, Institutional Offer and Chairman's List Offer.
Application Money	All Application Money will be held by the Company on trust in a separate account until the Offer Shares are issued to successful Applicants. Biome Australia reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Offer who's Applications are not accepted, or who are allocated a lesser number of New Shares than the amount for which they applied, will receive a refund of all or part of their Application Money, as applicable. Interest will not be paid on any monies refunded. Applicants whose Applications are accepted in full will receive the whole number of New Shares calculated by dividing the Application Money provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Money, the number of Shares to be allocated will be rounded down and any excess refunded (without interest). If the amount of your Application Money that you pay is less than the amount specified on your online Application Form, you may be taken to have applied for such lower Australian dollar amount of New Shares as for which your cleared Application Money will pay (and to have specified that amount on your online Application Form) or your Application may be rejected. If necessary, Application Money will be refunded in Australian dollars to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Company will retain any interest earned on Application Money.
Will the Shares be quoted?	Biome Australia will apply to the ASX for admission to the Official List and Quotation of Shares on the ASX under the code "BIO". The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Biome Australia to the Official List is not to be taken as an indication of the merits of Biome Australia or the New Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that the New Shares will commence trading on the date detailed on page 5 in the Key Offer Information Section. **It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.** Biome Australia and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Offer Information Line, by a Broker or otherwise.
When will I receive confirmation that my Application has been successful?	It is expected that initial Holding Statements will be despatched by standard post on the date detailed on page 5 in the Key Offer Information Section. If you sell your New Shares before receiving an initial Holding Statement, you do so at your own risk.
Are there any escrow arrangements?	Yes. Details are provided in Section 13.8.
Is there brokerage, commission or duty considerations?	No brokerage, commission or duty is payable by Applicants on acquisition of New Shares under the Offer. See Section 6.6 for details of various commissions, fees and expenses payable by Biome Australia to the Lead Manager.
Tax implications of investing in the Company	Please refer to Section 12 and note that it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax) and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

Acknowledgements	Each Applicant under the Offer will be deemed to have: ▪ agreed to become a Shareholder of the Company and to be bound by the Constitution and the terms and conditions of the Offer; ▪ acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full; ▪ declared that all details and statements in their Application Form are complete and accurate; ▪ declared that the Applicant(s), if a natural person, is/are over 18 years of age; ▪ acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn; ▪ applied for the number of New Shares at the Australian dollar amount shown on the front of the Application Form; ▪ agreed to being allocated and issued the number of New Shares applied for (or a lower number allocated in a way described in this Prospectus) or no New Shares at all; ▪ authorised the Company and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for New Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form; ▪ acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked; ▪ acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that New Shares are suitable for Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s); ▪ if they are a Retail Investor, declared that the Applicant(s) is/are a resident of Australia; ▪ if they are an Institutional Investor from New Zealand, Hong Kong, the United Kingdom or Singapore, declared they are eligible to receive an Offer as detailed in Section 7.21; ▪ acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and ▪ acknowledged and agreed that if Listing does not occur for any reason, the Broker Firm Offer, Institutional Offer and Chairman's List Offer will not proceed. Each Applicant under the Institutional Offer will also be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to Biome Australia's Offer Information Line on 1300 288 664 (within Australia) +61 2 9698 5414 (from outside Australia) between 8:30am and 5.00pm Melbourne time, Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining Shares in Biome Australia is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, tax adviser, financial adviser or other independent professional adviser before deciding whether to invest.

7.11 BROKER FIRM OFFER

Who may apply	The Broker Firm Offer is open to persons who have received a firm allocation of New Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of New Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. Biome Australia may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.
Minimum and maximum application size	The minimum Application under the Broker Firm Offer is $2,000 (equivalent to 10,000 New Shares at the Offer Price), and in multiples of $500 (equivalent to 2,500 New Shares at the Offer Price) thereafter. There is no maximum number or value of New Shares that may be applied for under the Broker Firm Offer. Biome Australia and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person.
How to apply and pay	If you have received an invitation to participate from your Broker and wish to apply for New Shares under the Broker Firm Offer, you should contact your Broker for information about how to complete and lodge your Broker Firm Offer Application Form and for payment instructions. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker or the Offer Information Line on 1300 288 664 (within Australia) +61 9698 5414 (from outside Australia) to request a Prospectus and Broker Firm Offer Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Offer Application Form and Application Money are received before 5.00pm (Melbourne time) on the Closing Date or any earlier closing date as determined by your Broker. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your invitation to participate. Applicants under the Broker Firm Offer must pay their Application Money in accordance with the instructions received from their Broker. Biome Australia, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.
Acceptance of Applications	An Application in the Broker Firm Offer is an offer by an Applicant to Biome Australia to apply for Shares specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding Quotation on ASX in Section 7.14 and the acknowledgements in Section 7.10). To the extent permitted by law, an Application by an Applicant is irrevocable. An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants. The Lead Manager, in agreement with Biome Australia, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who it believes is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by the Applicant in completing their Application.
Allocation policy	The allocation of Shares to Brokers was determined by Biome Australia and the Lead Manager. Shares which have been allocated to Brokers for allocation to their retail clients with a registered address in Australia will be issued to the Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not Biome Australia or the Lead Manager) will be responsible for ensuring that retail clients who have received a firm allocation from them, receive the relevant Shares.

7.12 INSTITUTIONAL OFFER

Who may apply	The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia, New Zealand, Hong Kong, United Kingdom and Singapore. The Lead Manager has separately advised Institutional Investors of the application procedures for the Institutional Offer.
Minimum and maximum application size	The minimum Application under the Institutional Offer is $2,000 (equivalent to 10,000 New Shares at the Offer Price), and in multiples of $500 (equivalent to 2,500 New Shares at the Offer Price) thereafter. There is no maximum number or value of New Shares that may be applied for under the Institutional Offer. The Lead Manager, in consultation with Biome Australia, reserves the right to reject any Application or to allocate a lesser number of New Shares than that applied for. Biome Australia and the Lead Manager also reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person.
How to apply and pay	You must complete the Institutional Offer Application Form and deliver it with your Application Money in accordance with the instructions in the Institutional Offer Application Form.
Acceptance of Applications	An Application in the Institutional Offer is an offer by an Applicant to Biome Australia to apply for Shares specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding Quotation on ASX in Section 7.14 and the acknowledgements in Section 7.10). To the extent permitted by law, an Application by an Applicant is irrevocable. An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants. The Lead Manager, in agreement with Biome Australia, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who it believes is ineligible to participate in the Institutional Offer, or to waive or correct any errors made by the Applicant in completing their Application.
Allocation policy	The allocation of New Shares among Applicants in the Institutional Offer was determined by the Lead Manager in consultation with Biome Australia. Biome Australia and the Lead Manager had absolute discretion regarding the basis of allocation of New Shares among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any New Shares, or the number of New Shares for which it had bid. Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained, by a number of factors including: ▪ number of New Shares bid for by particular Applicants; ▪ the timeliness of the bid by particular Applicants; ▪ Biome Australia's desire for an informed and active trading market following Listing; ▪ Biome Australia's desire to establish a wide spread of institutional Shareholders; ▪ overall level of demand under the Broker Firm Offer and Institutional Offer; ▪ the size and type of funds under management of particular Applicants; ▪ the likelihood that particular Applicants will be long-term Shareholders; and ▪ any other factors that Biome Australia and the Lead Manager considered appropriate.

7.13 CHAIRMAN'S LIST OFFER

Who may apply	The Chairman's List Offer is open to Applicants resident in Australia.
Minimum and maximum application size	The minimum Application under the Chairman's List Offer is $2,000 (equivalent to 10,000 New Shares at the Offer Price), and in multiples of $500 (equivalent to 2,500 New Shares at the Offer Price) thereafter. Applicants under the Chairman's List Offer must apply in accordance with the instructions provided in their personalised invitation to participate in the Chairman's List Offer. Biome Australia and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person. Biome Australia may determine a person to be eligible to participate in the Chairman's List Offer.
How to apply and pay	If you have received a personalised invitation to apply for New Shares under the Chairman's List Offer and you wish to apply for all or some of those New Shares, you should follow the instructions on your personalised invitation for how to apply under the Chairman's List Offer.
Acceptance of Applications	An Application in the Chairman's List Offer is an offer by an Applicant to Biome Australia to apply for New Shares in the amount specified on the Chairman's List Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Chairman's List Application Form (including the conditions regarding Quotation on ASX in Section 7.14 and the acknowledgements in Section 7.10). To the extent permitted by law, an Application by an Applicant is irrevocable. An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants. Biome Australia reserves the right to reject any Application which is not correctly completed or which is submitted by a person which it believes is ineligible to participate in the Chairman's List Offer, or to waive or correct any errors made by the Applicant in completing their Application.
Allocation policy	Chairman's List Offer Applicants may be eligible to receive a guaranteed allocation up to and including the amount indicated on their Chairman's List Offer Invitation or such lesser amount for which they applied. Beyond this, the allocations under the Chairman's List Offer will be at the absolute discretion of Biome Australia in consultation with the Lead Manager. The Company reserves the right in its absolute discretion not to issue any New Shares to Applicants under the Chairman's List Offer and may reject any Application or allocate a lesser number of Securities than those applied for at its absolute discretion.

7.14 THE OFFER IS CONDITIONAL – APPLICATION FOR ADMISSION TO THE OFFICIAL LIST OF THE ASX

The Offer set out in this Prospectus is conditional on permission being granted for the Quotation of the New Shares on the ASX.

Within 7 days after the date of this Prospectus, Biome Australia will lodge an application with the ASX for admission of Biome Australia to the Official List of the ASX and Quotation of all Shares (including New Shares issued pursuant to this Prospectus) on the ASX. Biome Australia's ASX code will be "BIO".

If Biome Australia's application for listing is accepted by the ASX, it is anticipated that Biome Australia will be listed on the ASX on or about 30 November 2021.

It is the responsibility of the Applicants to check their allocation of New Shares prior to trading.

No issue of New Shares will be made until permission is granted for Quotation of the New Shares on the ASX. If the New Shares are not admitted for Quotation within 3 months after the date of this Prospectus or if any of the other conditions precedent to the Offer are not met, no funds will be raised pursuant to this Prospectus. Therefore, the Offer will not proceed, no New Shares will be issued pursuant to the Offer and Applications received for New Shares may need to be dealt with in accordance with section 724 of the Corporations Act.

7.15 OFFER IS NOT UNDERWRITTEN

The Offer is not underwritten.

7.16 ISSUE OF NEW SHARES

Conditional on the matters referred to in Section 7.14 of this Prospectus, Biome Australia expects to issue the New Shares in accordance with the indicative timetable set out in Key Offer Information on page 5.

The New Shares, from the time they are issued, will be fully paid Shares and will rank equally with Existing Shares. Full details of the rights attaching to the New Shares are contained in the Corporations Act and Biome Australia's Constitution. A summary of Biome Australia's Constitution is set out in Section 13.2.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

7.17 ESCROW ARRANGEMENTS

Refer to section 13.8 for a summary of the escrow arrangements.

7.18 DISCRETION REGARDING THE OFFER

Biome Australia reserves the right to waive strict compliance with or vary any provision of the terms of the Offer, or to vary, suspend or terminate the Offer at any time without notice. If the Offer does not proceed, Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal or termination of the Offer.

Failure to notify Shareholders or investors of changes to, suspension or termination of the Offer or the terms of the Offer will not invalidate the change, suspension or termination.

Biome Australia reserves the right to issue no New Shares or fewer New Shares than for which an Applicant applies under the Offer if the Board believes the issue of those New Shares would contravene an ASIC Class Order, requirements or policies, any law or any ASX Listing Rule.

7.19 CHESS AND ISSUER SPONSORED HOLDINGS

Biome Australia will apply to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer-sponsored sub-register. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a Holding Statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Shareholder Reference Number (SRN) of issuer sponsored holders. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month or if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Share Registry may charge a fee for these additional statements.

7.20 NORMAL SETTLEMENT TRADING AND SELLING SHARES ON MARKET

It is expected that trading of the Shares on the ASX will commence on or about the date detailed in the timetable in page 5 of the Key Offer Information.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a Holding Statement, Successful Applicants do so at their own risk. The Company, the Share Registry, the Lead Manager disclaims all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a Holding Statement, even if the Shareholder obtained details of their holding through the Lead Manager or their Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on the date detailed in the timetable on page 5 under Key Offer Information.

7.21 FOREIGN SELLING RESTRICTIONS

This Prospectus does not constitute an offer or invitation to subscribe for New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of all overseas Applicants to ensure compliance with the laws of any country relevant to their application for New Shares under this Prospectus.

No action has been taken to register or qualify this Prospectus, the New Shares or the Offer or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia. In particular, this Prospectus may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

This Prospectus may only be distributed to persons to whom the Offer may be lawfully made in accordance with the laws of any applicable jurisdiction. The Company and the Lead Manager reserve the right to offer New Shares to any investor in the following jurisdictions, where to do so would not breach the applicable securities law requirements of the relevant jurisdiction.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

United Kingdom

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company. In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together, ***relevant persons***). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Biome Australia's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



Image attribution: Biome Australia

8. Independent Limited Assurance Report

MOORE

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19 October 2021

The Directors
Biome Australia Limited
16 Dover Street,
Cremorne, VIC 3121

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

INDEPENDENT LIMITED ASSURANCE REPORT ON BIOME AUSTRALIA LIMITED

INTRODUCTION

Biome Australia Limited and its Controlled Entities ABN 51 627 364 014 (**BIOME** or **Company)**, has authorised the issue of a Prospectus dated on or about 19 October 2021 (**Prospectus**). The Prospectus is for an initial public offering (**IPO**) of shares in the Company for issue by the Company and the associated listing of the Company's shares on the Australian Securities Exchange (**ASX**) (the **Offer**).

The Company have engaged Moore Australia (Vic) Pty Ltd (**Moore**) to report on Financial Information for inclusion in the Prospectus set out in Section 4 of the Prospectus.

Details concerning the reasons for the issue of the Prospectus are set out in Section 1 of the Prospectus.

Expressions and terms defined in the Prospectus have the same meaning in this Report, unless the context otherwise requires.

The nature of this Report is such that it can only be issued by an entity which holds an Australian financial services licence under the *Corporations Act 2001* (Cth) (**Corporations Act**). Moore holds the appropriate Australian Financial Services Licence under the Corporations Act. This Report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached as **Appendix 1** to this Report.

Each reference in this investigating accountant's report to "you" is a reference to the Company.

SCOPE

You have requested Moore to perform limited assurance procedures on the following **Financial Information** of the Company (the responsible party) included in Section 4 of the Prospectus:

a) The **Historical Financial Information** comprising:

   i. The audited Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income of the Company for the financial years ended 30 June 2019 (**FY19**), 2020 (**FY20**) and 2021 (**FY21**) (**Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income**).

   ii. The audited Historical Consolidated Cash Flow Statements of the Company for the financial years ended FY19, FY20 and FY21 (**Historical Consolidated Cash Flow Statements**).

iii. The audited Historical Consolidated Statement of Financial Position of the Company as at 30 June 2021 (**Historical Consolidated Statement of Financial Position**).

b) The **Pro Forma Historical Financial Information** comprising:

iv. The Pro Forma Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Company for FY21 (**Pro Forma Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income**). This shows the inclusion of adjustments and material costs associated with being a listed entity on a Pro Forma basis.

v. The Pro Forma Historical Consolidated Cash Flow Statement of the Company for FY21 (**Pro Forma Historical Consolidated Cash Flow Statement**). This shows the inclusion of revenue and costs on the same basis as the Pro Forma Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income described above.

vi. The Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2021 for the Company on a consolidated basis assuming the Offer and certain other transactions and events as if they had occurred on that date (**Pro Forma Historical Consolidated Statement of Financial Position**).

The above are collectively referred to as the **Financial Information**. Also included within the Financial Information are the basis of preparation, balance sheet notes and the Company's accounting policies.

This Report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Moore has not been requested to provide an opinion on the long-term prospects for BIOME, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder. Therefore, we have not done so, nor purport to do so.

Moore accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in Section 5 of the Prospectus and all investors should read the risks of investing in the Company.

BASIS OF PREPARATION

The basis of preparation of the Financial Information is described in Section 4.2 of the Prospectus, summarised as follows:

a) **Historical Financial Information**

The Historical Financial Information has been derived from the audited financial statements of the Company for FY19, FY20 and FY21 which have been prepared in accordance with Australian Accounting Standards (**AASB**) and the Corporations Act 2001.

Those financial statements were audited by JTP Assurance in accordance with Australian Auditing Standards and who issued unmodified audit reports thereon. Without modifying their opinions, JTP Assurance included an emphasis of matter paragraph in their Audit Reports on a material uncertainty due to going concern. This was on the basis of historical losses and negative cash flows.

We undertook limited assurance procedures on the compilation of the Historical Financial Information. Our procedures primarily included:

- Comparison and analytical procedures.

- Reconciling on a test basis the Historical Financial Information to Audited Annual Financial Statements of the Company.
- Reviewing the Auditors files.

b) **Pro Forma Historical Financial Information**

The Pro Forma Historical Financial Information has been compiled from the Historical Financial Information described above together with the Directors adjustments as described in Sections 4.3 to 4.5 of the Prospectus. The Pro Forma Historical Financial Information has been prepared in accordance with AASB's and the Company's stated accounting policies.

We undertook limited assurance procedures on the compilation of the Pro Forma Historical Financial Information. Our procedures primarily included:

- Comparison and analytical procedures.
- Reviewing the consistency of Pro Forma adjustments with other disclosures in the Prospectus.
- Examining on a test basis certain Pro Forma adjustments to supporting evidence.

The management discussion and analysis set out in Section 4.6 of the Prospectus has been reviewed by us with respect to internal consistency with Financial Information amounts set out in the other parts of Section 4. We have not, however, verified the completeness or adequacy of management's discussion and analysis as we consider this beyond the scope of our engagement.

DIRECTORS RESPONSIBILITY

The Directors of the Company are responsible for the preparation of the Financial Information, including the basis of preparation stated above and the selection and determination of Pro Forma adjustments made to the Historical Financial Information on which the Pro Forma Historical Financial Information is based.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

We have relied on representations from certain members of management of the Company, that all material information concerning the Company and the Financial Information have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

OUR ETHICS AND QUALITY CONTROL

We have complied with relevant ethical requirements related to assurance engagements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with relevant ethical requirements and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a conclusion on whether anything has come to our attention that the Financial Information has not been properly compiled, in all material respects, by BIOME in accordance with the basis of preparation set out above.

We have conducted our engagement in accordance with the applicable Australian Auditing and Assurance Standard[1]. This standard requires that we plan and perform procedures to obtain limited assurance about whether BIOME has compiled, in all material respects, the Financial Information in accordance with the basis of preparation outlined above.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Financial Information.

The purpose of the Pro Forma Historical Financial Information being included in a Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Company as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2021 would have been as presented.

A limited assurance engagement is to report on whether anything has come to our attention that the Financial Information has not been properly compiled, in all material respects, on the basis of the applicable criteria. This involves performing limited procedures to assess whether the applicable criteria used by BIOME in the compilation of the Financial Information does not provide a reasonable basis for presenting the Financial Information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, reviewing the work papers and files of auditors, and other procedures.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement or audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and substantially less in scope than an audit in accordance with Australian Auditing Standards. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the Financial Information has been prepared, in all material respects, in accordance with the applicable criteria. Furthermore, we do not express an audit opinion.

Our engagement also involved evaluating the overall presentation of the Financial Information.

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

LIMITED ASSURANCE CONCLUSIONS

Historical and Pro Forma Historical Financial Information

Based on our procedures, which is not an audit, nothing has come to our attention which causes us to believe that the Historical and Pro Forma Historical Financial Information comprising:

a) Historical and Pro Forma Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income as described above for the periods then ended.

b) Historical and Pro Forma Historical Consolidated Cash Flow Statements as described above for the periods then ended.

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[1] *ASAE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*.

c) Historical and Pro Forma Historical Consolidated Statement of Financial Position as described above for the period then ended.

d) Notes to the Historical and Pro Forma Historical Consolidated Statements of Financial Position and Significant Accounting Policies of the Company.

is not prepared or presented fairly, in all material respects, by BIOME in accordance with the basis of preparation as stated above.

RESTRICTION ON USE

Without modifying our conclusions, we note that the purpose of the Financial Information is for inclusion in the Prospectus to assist investors in assessing the Offer. As a result, the Financial Information may not be suitable for use for other purposes. We disclaim any assumption of responsibility for any reliance on this Report, or the Financial Information to which it relates, for any purposes other than for which it was prepared.

NOTICE TO INVESTORS OUTSIDE AUSTRALIA AND NEW ZEALAND

Under the terms of our engagement this Report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This Report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

CONSENT

Consent to the inclusion of this Limited Assurance Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

LIABILITY

The liability of Moore is limited to the inclusion of this Report in the Prospectus. Moore makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

DECLARATION OF INTEREST

Neither Moore nor its directors or employees has any interest in the outcome of the Offer other than in the preparation of this Report and participation in the due diligence procedures for which normal professional fees will be received.

FINANCIAL SERVICES GUIDE

We have included our Financial Services Guide as Appendix 1 to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services Licence No: 247 262





ANDREW JOHNSON
Director - Audit
Authorised Representative

COLIN PRASAD
Director – Corporate Finance

APPENDIX 1 – MOORE FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 19 October 2021 and forms part of the Independent Limited Assurance Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no. 247 262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by BIOME Australia Limited (**BIOME** or the **Company**) to provide an Independent Accountants Report (the **Report**) for inclusion within a Prospectus to issue on or about 19 October 2021.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Company in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Company. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore or other associated entities may receive partnership distributions, salary or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 18, 530 Collins Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.



Image attribution: Biome Australia

9. Material Contracts

9. Material Contracts Assurance Report

9.1 SUPPLY AGREEMENT – PROBIOTICAL S.P.A

Date: On 1 March 2014, PROBIOTICAL S.p.A. VATIN 01092820032 and Biome Australia entered into the Distribution Agreement as amended by the addendum dated 3 August 2021 (**Probiotical Supply Agreement**).

Term: The Probiotical Supply Agreement, as amended, commenced on 3 August 2021 and expires on 3 August 2026 unless terminated earlier in accordance with its terms.

Purpose: Under the Probiotical Supply Agreement, Biome Australia will act as the exclusive distributor in Australia, New Zealand and the United Kingdom (**Territory**) of the following products manufactured by Probiotical S.p.A:

- AXP Recovery Probiotic (Bifisport);
- Biome Eczema™ Probiotic;
- Biome Fem (women) (this product will be marketed as 'Biome Her Probiotic');
- Biome Acne;
- Biome Breathe™ Probiotic; and
- Biome Lift™ Probiotic,

(Probiotical Products).

Biome Australia may also export the Probiotical Products, excluding Biome Breathe (Bifiasthm), Biome Lift (Bifizen) or AXP Recovery Probiotic (Bifisport), into other Asian territories on a non-exclusive basis.

The Probiotical Supply Agreement provides that Biome Australia shall purchase Probiotical Products from Probiotical S.p.A and re-sell them under its own name and on its own behalf to customers, bearing the Probiotical S.p.A trademarks.

Under the Probiotical Supply Agreement, Biome Australia also acts as the exclusive distributor of the following products supplied by Probiotical S.p.A:

- Biome Daily Kids™ Probiotic;
- Biome IBS™ Probiotic;
- Biome Prenatal+™ Probiotic;
- Biome Daily™ Probiotic; and
- Biome Advanced™ Probiotic,

(Combined Products).

Intellectual property: Under the Probiotical Supply Agreement, Probiotical S.p.A acknowledges that Biome Australia developed the formulations for the Combined Products and Probitical S.p.A. agrees that it will not produce products using such formulas.

Probiotical S.p.A has also entered into a Side Letter to the Probiotical Supply Agreement whereby Probiotical S.p.A signed an Intellectual Property Statement confirming that Biome Australia developed the formulations of the above Combined Products, except Biome Fem, in conjunction with Probiotical S.p.A.Biome Australia may use Probiotical S.p.A's trademarks, trade name or symbols on a non-exclusive bases, but only for the purpose of identifying and advertising the Probiotical Products in its capacity of authorised distributor for Probiotical S.p.A in the Territory. Any other use by Biome Australia of a corporate name, trademark, trade name or symbol that is the same or similar to Probiotical S.p.A shall be subject to prior written authorisation by Probiotical S.p.A.

Quotas and pricing: Under the Probiotical Supply Agreement, Biome Australia shall purchase a minimum amount of products from Probiotical S.p.A each year (**Annual Quota**).

The price at which Biome Australia will purchase the Products from Probiotical S.p.A for resale to the Customer shall be the price specified by Probiotical S.p.A, which but may be updated with 90 days' notice (**Price Change**).

Termination: In the event Biome Australia fails to meet the Annual Quota, Probiotical S.p.A will have the option to terminate the agreement or to amend it to become a non-exclusive distribution agreement by providing 60 days' written notice.

In the event Biome Australia does not accept the Price Change, it will have the right to terminate by giving 6 months' notice, except where the increase is less than 5% per year.

The agreement will be automatically terminated following prior notification by Probiotical S.p.A by registered letter in the following cases:

- liquidation or insolvency by Biome Australia;
- the other party materially violates the agreement; or
- Biome Australia fails to comply with its payment obligations and/or deadlines, following notification of non-compliance by Probiotical S.p.A and Biome Australia's failure to cure within 30 days.

9.2 SUPPLY AGREEMENT - PROBI AKTIEBOLAG

Date: On 1 March 2019, Probi Aktiebolag company registration number 556417-7540 and Biome Australia entered into the Development, License and Supply Agreement, as amended by the addendum dated 9 April 2021 (**Probi Supply Agreement**).

Term: The Probi Supply Agreement commenced on 1 March 2019 and ends on 1 March 2024, however, it will automatically continue for further 5 year periods unless either party gives 12 months' notice to terminate as the end of the initial term or any successive renewed term.

Purpose: Under the Probi Supply Agreement, Probi Aktiebolag develops, manufactures and sells probiotic products and ingredients and has provided Biome Australia with:

- the non-exclusive right and licence to market, promote, purchase, sell and distribute the Probi Products, being the Probi®FerroSorb (also known as, Biome Iron+™ Probiotic) and Probi®Osteo (**Probi Products**) in bulk capsules form; and
- the exclusive right and licence to use the Probi Defendum strains Probi Digstis Lactobacillus plantarum 299V, Lactobacillus plantarum 6595, Lactobacillus plantarum HEAL9 and Lact6bacillus paracasei 8700:2 (**Probi Strains**) in the products listed below:
  - Children's Probiotic (this product is marketed as 'Biome Daily Kids™ Probiotic');
  - Gut Health / IBS Probiotic (this product is marketed as 'Biome IBS™ Probiotic');
  - Women's Pre-Natal Probiotic (this product is marketed as 'Biome Prenatal+™ Probiotic');
  - Low-Dose Daily (this product is marketed as 'Biome Daily™ Probiotic'); and
  - High Dose / Antibiotic Support (this product is marketed as 'Biome Advanced™ Probiotic'),

(Combined Products),
in Australian and New Zealand (**Territory**).

The parties agreed that Probi®Osteo would be granted on an exclusive basis in the "Pharmacy behind the counter" sales channel until 31 December 2022. If the annual volume purchased of Probi®Osteo is less than 70% of the minimum purchase requirement, Probi may convert the licence to a non-exclusive license. The "Health Care Practitioner" sales channel has also been added for the Probi Products and the Combined Products in the Territory and the United Kingdom.

Biome Australia will market and sell the Probi Products and Combined Products under Biome Australia's labelling and trade mark.

Intellectual property: Probi will own and retain all ownership to its Intellectual Property Rights and all other proprietary rights in relation to the Probi Products and Probi Strains.

Biome Australia may undertake clinical trials, works or studies using some of the Probi Strains at Biome Australia's expense, subject to Probi's prior approval. In that event Probi agrees to such clinical studies:

- Probi and Biome Australia will jointly own and retain ownership to all intellectual property rights, know-how and all other proprietary rights resulting from such clinical trials, works or studies, provided that this shall not affect or limit Probi's ownership of the Probi Strains or Probi Products whatsoever, (**Clinical IP**). The Parties will negotiate in good faith the practical details around such joint ownership if a clinical study is being performed; and
- Biome Australia will have the exclusive right to use the Clinical IP in the Territory, provided that Probi shall be the strain supplier, and Probi will have the exclusive right to use the Clinical IP outside the Territory.

Probi Trade Mark - Subject to the rights specifically granted to the Distributor under this Agreement, Probi grants to Biome Australia a limited, revocable and non-exclusive right and license for Biome Australia to use the Trade Mark.

Probi's Trade Mark shall at all times be used in relation to the Probi Products and Probi Strains, packaging, containers and advertisements etc. for the Probi Products and Probi Strains, unless otherwise agreed in writing between the Parties.

Quotas and pricing: Biome Australia will use reasonable efforts to purchase the annual minimum volume (**Minimum Purchase Volume**) of Probi Products and Probi Strains as mutually agreed.

The price for the Probi Products and Probi Strains are outlined in the Probi Supply Agreement. If payment is not made by the due date, Probi may suspend performance until the outstanding amounts are paid or terminate the agreement. Interest will be chargeable on the overdue amounts at an agreed rate per annum.

Termination: Either party may give notice in writing to the other to terminate the Probi Supply Agreement immediately if:

- the other party commits a material breach of this Probi Supply Agreement and (if such breach is remediable) fails to remedy that breach within 30 days of receiving notice to do so; or
- the other party suffers an insolvency event;
- a change of control event of the other party occurs without the prior written consent of the party not affected by the change of control; or
- a regulatory licence or permit has been withdrawn or suspended and such decision has not been reversed within 30 days of the decision, in which case either party shall be entitled to terminate the Probi Supply Agreement with respect to that market.

Without affecting any other rights that it may be entitled to, Probi may give notice in writing to Biome Australia terminating the Probi Supply Agreement immediately if:

- Biome Australia fails to pay any amount due under the Probi Supply Agreement on the due date for payment and remains in default more than 30 days after being notified in writing to make such payments;
- Biome Australia assigns or transfers its rights or obligations under the Agreement (or purports to do so), except as permitted under this Probi Supply Agreement.

Upon termination:

- Biome Australia will with Probi's prior written consent be entitled to promote, market, and sell any remaining inventory of Probi Products and Probi Strains for a 6 months' period; and
- Probi may elect to acquire full title to such Clinical IP by paying the Biome Australia 50% of Biome Australia's direct costs and expenses of undertaking such clinical trials, works or studies.

9.3 SUPPLY AGREEMENT – GREENLEAF MEDICAL AB

Date: On 12 December 2018, Greenleaf Medical AB company registration number 556816-0443 and Biome Australia entered into the Distribution Agreement (**Greenleaf Supply Agreement**).

Term: The Greenleaf Supply Agreement commenced on 12 December 2018 and expires on 12 December 2021 unless terminated earlier in accordance with its terms. The Greenleaf Supply Agreement will automatically be extended for a further 3 years after the end of the initial term unless either party gives at least 30 calendar days written notice prior to the end of the initial term that it wishes to terminate the Greenleaf Supply Agreement on expiry of the initial term. It is anticipated that the Greenleaf Supply Agreement will automatically extend for the further 3 years on expiry on 12 December 2021.

Purpose: Under the Greenleaf Supply Agreement, Greenleaf Medical AB develops, manufactures and sells a product named 'Slim Down' under the trademarks Appethyl® and Thylakoidiet® (**Greenleaf Product**) and has appointed Biome Australia as the sole distributor of the Greenleaf Product in Australian and New Zealand (**Territory**).

Biome Australia will buy and sell the Greenleaf Products in its own name and for its own account and risk.

Intellectual property: Greenleaf Medical AB has exclusive ownership of its trade marks and owns all intellectual property relating to the Greenleaf Products.

Greenleaf Medical AB grants Biome Australia for the term of the Greenleaf Supply Agreement, a non-transferable, revocable licence to use its trademarks and the its intellectual property rights in connection with the marketing, use, sale and service of the Greenleaf Products in the Territory in accordance with the terms and conditions of the Greenleaf Supply Agreement. During the Term, Biome Australia shall have the right to indicate to the public that it is an authorised distributor in the Territory of the Greenleaf Products.

Quotas and pricing: The parties will agree to a minimum annual purchase quantity of Greenleaf Products for every calendar year. During the last quarter of each subsequent year, the parties will agree to a minimum quantity of the Greenleaf Product to be purchased during the following calendar year for resale in each such country in the Territory.

Biome Australia will pay the prices for the Greenleaf Product as listed in the Greenleaf Supply Agreement, which Greenleaf Medical AB has a right to increase by no more than an agreed percentage (unless justified by market changes) by providing 60 calendar days' notice.

Biome Australia is free to establish its own pricing for Greenleaf Products, which Biome Australia will notify to Greenleaf Medical AB.

In the event of delayed payment, interest at an agreed rate of the purchase sum will be added for each month started, until payment is executed.

Termination: Termination for convenience - After the expiry of the initial term or the extended term (if neither party exercises its right to terminate the Greenleaf Supply Agreement), the Greenleaf Supply Agreement may be terminated by either party at any time for any reason by 6 months' written notice of such termination.

Termination for material breach - The Greenleaf Supply Agreement may be terminated by either party by giving 90 calendar days' written notice of such termination to the other party in the event of a material breach which includes:

- any of the following situations:
  - Biome Australia distributes through sub-distributors without the consent of Greenleaf Medical AB;
  - Biome Australia does not buy and sell the Greenleaf Product in its own name;
  - Biome Australia's use of the Greenleaf trademarks does not inure to the benefit of Greenleaf Medical AB;
  - Biome Australia breaches its confidentiality obligations; or
  - the Intellectual Property Rights of Greenleaf Medical AB are infringed;
- any other breach that a party fails to cure within 90 calendar days after receipt of written notice by the other party;

- Biome Australia fails to meet the agreed minimum annual purchase quantities or in any way shows consistently poor performance,
- an act of gross negligence or wilful misconduct of a party; or
- the insolvency, liquidation or bankruptcy of a party.

If Biome Australia contests or disputes the rights of Greenleaf Medical AB to the Trademarks or the Greenleaf intellectual property rights, Greenleaf Medical AB will have the right to terminate the Greenleaf Supply Agreement immediately by providing written notice of such termination to Biome Australia.

If the parties fail to agree in advance of a given calendar year upon the minimum annual purchase quantified for such year, then each party is free to terminate the Greenleaf Supply Agreement by giving the other party 6 months' written notice.

9.4 SUPPLY TERMS – AUSTRALIAN VITAMIN AND SPORTS NUTRITION PTY LTD

Purpose: Under the supply terms, Biome Australia may order goods from Australian Vitamin and Sports Nutrition Pty Ltd (**AVS**), and AVS will manufacture and supply the goods in accordance with the terms and conditions of sale (**AVS Supply Terms**).

Term: There is no term for the AVS Supply Terms.

Intellectual property: In a separate letter dated 17 February 2021, AVS confirms that Biome Australia owns the formulations for the following products, developed in conjunction with AVS:

Activated Nutrients®:

- Top Up for Men (Organic Multi);
- Top Up for Women (Organic Multi);
- Top Up 50+ (Organic Multi);
- Grow Up (Organic Multi);
- Power Up (Organic Energy Powder);
- Build Up (Organic Protein); and
- Tone Up (Organic Protein),

Activated Nutrients® (Professional Range):

- SLIM DOWN (Appetite Suppressant); and
- FILL UP (Organic Formulated Meal Replacement),

Activated X Performance:

- Energy Formula; and
- Power Protein.

Quotes and Pricing: Biome Australia may place orders for the purchase of goods from AVS from time to time. AVS may issue an order confirmation which amends the terms of the order placed by Biome. If Biome Australia does not agree with the changes, it must notify AVS within 5 business days of receiving the order confirmation.

The price payable for goods shall be AVS's current price of the goods at the time the order for the goods is received by AVS.

Termination: AVS may rescind the AVS Supply Terms if Biome Australia fails to make any payment due within 28 days of the due date.

Either party may terminate the AVS Supply Terms immediately upon providing written notice to the other, if the delay due to the force majeure event continues for a period in excess of 90 days.

9.5 CHANNEL DISTRIBUTION AGREEMENT – API SERVICES AUSTRALIA PTY LTD

Date: In or around February 2019, API Services Australia Pty Ltd ABN 69 166 626 428 (API) and Biome Australia Trading entered into the Confidential Trading Agreement (**API Channel Distribution Agreement**).

Term: The API Channel Distribution Agreement commenced on February 2019 and expired on January 2020. The parties are continuing to operate according to the terms of this agreement and discussions are in progress for renewal.

Purpose: The API Channel Distribution Agreement contains the terms under which Biome Australia Trading's products are to be sold through API's retail stores (Priceline Pharmacy).

Intellectual property: Each party retains their own intellectual property.

For the purpose of API promoting the products to be distributed by API, Biome Australia Trading provides a licence to API on a royalty free basis to reproduce and use all promotional material (including photos and text) produced by or on behalf of Biome Australia Trading in connection with its promotion of the products.

Pricing: Orders are placed on a firm price basis in accordance with the price(s) listed in the order and are not subject to increases in price without the API's prior approval in writing. The prices are inclusive of all charges for packaging, packing, shipping, carriage, insurance, off-loading and delivery of the goods to the delivery destination(s) stated in the order and all applicable taxes, duties (including customs and import duties) and levies.

Biome Australia Trading must provide API with a minimum of 3 calendar months' written notice of any proposed price increase for the goods.

Biome Australia Trading pays rebates to API on orders of an agreed range. A further discount may be applied by Biome Australia Trading to the wholesale price of a good for a Priceline branded store.

Termination: API reserves the right to cancel an order if the:

- full amount of all goods ordered is not delivered to the delivery destination(s) on the delivery date specified in the order;
- Biome Australia Trading is in breach of any of its obligations contained in these terms and conditions or an order between API and Biome; or
- Biome Australia Trading threatens to, or enters into, any formal or informal insolvency arrangement.

Biome Australia Trading does not have and may not prosecute any claim whatsoever at law or in equity against API if API cancels an order under the preceding sub-clause.

Biome Australia Trading must, in addition to any other liability, pay the costs of removing the goods from API's premises, if API cancels an order.

9.6 CHANNEL DISTRIBUTION AGREEMENT - SYMBION PTY LTD

Date: On 20 February 2019, Symbion Pty Ltd ABN 25 000 875 034 (**Symbion**) and Biome Australia Trading entered into a wholesale ranging & distribution agreement (**Symbion Channel Distribution Agreement**).

Term: The Symbion Channel Distribution Agreement commenced on 20 February 2019 and does not have an expiry date or termination provisions.

Purpose: The Symbion Channel Distribution Agreement is an agreement for the supply of the Biome Australia Trading products to the Symbion stores.

Intellectual property: Biome Australia Trading represents and warrants that the products (and their sale) do and will not infringe the intellectual property rights of any person.

Price: The price for the Products payable by Symbion to Biome Australia Trading will be the current price charged by Biome Australia Trading as at the date of the order, unless otherwise agreed (**Price**). The Price is inclusive of the transportation and delivery of the products from Biome Australia Trading to the nominated Symbion distribution centre.

Any Price changes on products must be communicated to Symbion at least 4 weeks in advance of the change taking effect. In the instance of a Price decrease, Symbion can claim the difference at the time of the effective date of the Price change on any stock on hand in Symbion distribution centres.

A minimum order of one (1) carton applies.

Ranging in Symbion distribution centres: In order for Symbion to continue to stock the products, each product is required to meet consistent monthly sales targets across all distribution centres.

Special Pricing: Biome Australia Trading may advise Symbion of a percentage discount off the list price of products for retails customers, which is the maximum price at which Symbion can sell to customers, provided that all times, Symbion is able to sell to customers at a price that it determines and may vary by region or state. Applicable deal discounts / range discounts must be provided to Symbion at least 10 business days prior to the start date of the applicable discount period.

Symbion will apply a monthly percentage surcharge of the total claim by Symbion.

9.7 TERMS OF TRADE AGREEMENT - TW&CM PTY LTD

Date: On 23 August 2021, TW&CM Pty Ltd ACN 136 833 620 (**TW&CM**) and Biome Australia Trading entered into the terms of trade agreement (**TW&CM Terms of Trade Agreement**).

Term: The TW&CM Terms of Trade Agreement commenced on 1 July 2021 and expires on 30 June 2022. The parties are in negotiation to extend the TW&CM Terms of Trade Agreement.

Purpose: The TW&CM Terms of Trade Agreement is an agreement for Biome Australia to range Biome Australia Trading's products in TW&CM's stores (franchisee stores).

Intellectual property: Not addressed.

Quotes and Pricing: Biome Australia Trading agrees to:

- provide an agreed discount on the products to pharmacies operating within the TerryWhite Chemmart network (**Network Pharmacies**). This may be increased in conjunction with all promotional activity to enable Network Pharmacies to meet promotional market pricing; and
- ensure that the discount is communicated to the wholesaler for the products and must ensure that the wholesaler applies the discount to all orders of the product by Network Pharmacies.

Termination: The TW&CM Terms of Trade Agreement terminates on 30 June 2022, unless terminated earlier in accordance with the Agreement. On expiry, the TW&CM Terms of Trade Agreement will automatically be extended on the same terms and conditions until the earlier of:

- the provision of written notice by TW&CM that the agreement will not be extended for a further term;
- execution of a new agreement on agreed terms; or
- 6 months from Expiry Date.

Either party may terminate without notice where the other party:

- commits a serious or persistent breach;
- or its employees or agents, does an unreasonable act or is convicted of any criminal offence which in the other party's reasonable opinion reflects unfavourably on it or any person or entity associated with it;
- ceases to be able to pay its debts as they become due;
- ceases to carry on business; or
- takes steps to appoint a receiver / liquidator.

Exit strategy: TW&CM may remove a product from its range where the product does not meet its hurdle rates, at its absolute discretion.

Where TW&CM chooses to remove such a product, Biome agrees to either:

- replace the product with other products that continue to be ranged;
- take stock back (sale or return) from Network Pharmacies; or
- provide a monetary amount to assist TW&CM to clear stock from Network Pharmacies through a price markdown or advertising the product to be removed.

9.8 TERMS OF TRADE - BLOOMS THE CHEMIST MANAGEMENT SERVICES PTY LTD

Date: On 11 February 2021, Blooms the Chemist Management Services Pty Ltd ABN 64 003 584 718 (**Blooms Group**) and Biome Australia Trading entered into the Terms of Trade 2021 (**Blooms Terms of Trade**).

Term: The Blooms Terms of Trade commenced on 1 January 2021 and expires on 1 January 2022. The parties are in negotiation to extend the Blooms Terms of Trade.

Purpose: The Blooms Terms of Trade is an agreement for the supply of the Biome Australia Trading products to the Blooms Group stores.

Intellectual property: Biome Australia Trading indemnifies the Blooms Group and the Blooms Group stores and keeps Blooms Group and Blooms Group stores indemnified against any costs or loss incurred by Blooms Group and Blooms Group stores resulting from engagement in any legal action or threat of legal action by any third party on the grounds that the supply by Biome Australia Trading of goods or associated materials supplied constitutes an infringement of any intellectual property right of that third party.

Quotes and Pricing: Orders are placed on a firm price basis in accordance with the price(s) listed in the order.

Termination: The Blooms Terms of Trade may be terminated by either party providing 30 days' written notice.

The Blooms Terms of Trade may be terminated by Blooms on behalf of the group by providing notice to Biome Australia Trading in the event of:

- Biome Australia Trading failing to supply the products to a Blooms Group store in accordance with orders placed;
- a breach of the Blooms Terms of Trade by Biome Trading; or
- Biome Australia Trading suffering an insolvency event.

9.9 KEY EMPLOYMENT AND APPOINTMENT AGREEMENTS

Mr Blair Vega Norfolk, *Managing Director*

On 2 October 2021, Biome Australia and Blair Vega Norfolk entered into an executive employment agreement under which Blair was appointed Managing Director and Chief Executive Officer. Blair will be paid a salary package of $350,000 per annum plus statutory superannuation. Blair's appointment is not for a fixed term. Blair will also be eligible for the short term incentives and long term incentives as detailed in Section 6.7.

The agreement is subject to a mutual six (6) month notice period (but which may be immediately terminated by Biome Australia in the event of serious misconduct). Biome Australia may elect to make a lump sum payment in lieu of notice.

Blair's executive employment agreement also includes a post-employment non-solicitation restraint of trade, which operates worldwide (as the maximum area) for 11 months from the date on which his employment ceases (as the maximum period).

Mr Ilario Faenza, *Non-Executive Director and Chairman*

On 4 September 2021, Ilario Faenza entered into a Letter of Appointment to serve as a Non-Executive Director and Chairman of Biome Australia.

Ilario's Letter of Appointment provides for, amongst other things:

- Ilario's appointment as a Non-Executive Director and Chairman of Biome Australia.
- Ilario is to be paid an annual director's fee of $90,000 plus fees for the Board committees of which he may be a member.
- The Letter of Appointment is effective from the date of Ilario's appointment as Non-Executive Director of Biome Australia and continues until the date that Ilario ceases to hold office as a Director of Biome Australia.
- Ilario may resign as a Director of Biome Australia at any time by written notice.

The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.

Ms Dominique Fisher, *Non-Executive Director*

On 31 August 2021, Dominique Fisher entered into a Letter of Appointment to serve as a Non-Executive Director of Biome Australia.

Dominique's Letter of Appointment provides for, amongst other things:

- Dominique's appointment as a Non-Executive Director of Biome Australia.
- Dominique is to be paid an annual director's fee of $60,000 plus fees for the Board committees of which she may be member.
- The Letter of Appointment is effective from the date of Dominique's appointment as Non-Executive Director of Biome Australia and continues until the date that Dominique ceases to hold office as a Director of Biome Australia.
- Dominique may resign as a Director of Biome Australia at any time by written notice.
- The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.

Mr Douglas Loh, *Chief Financial Officer*

On 3 October 2021, Biome Australia and Douglas Loh entered into an employment agreement under which Douglas was appointed Chief Financial Officer. Douglas will be paid a salary package of $275,000 per annum plus statutory superannuation. Douglas' appointment is not for a fixed term. Douglas is also eligible for a $75,000 short term cash incentive at 30 June 2022 if the following is satisfied:

- $37,500 for successful implementation of the new Oracle financial solution, success is determined by Board project completion signoff and must be completed on time and within budget;
- $37,500 payable as follows:
    - If Biome Australia reaches revenue of 2 x FY2021 revenue (based on 30 June 2022 audited numbers), then 100% of the $37,500 will be paid;
    - If Biome Australia reaches revenue of 1.5 x FY2021, this $37,500 will be pro-rata scaled; and
    - If Biome Australia reaches revenue of less than 1.5 x FY2021, then nothing will be paid.

The agreement is subject to a mutual six (6) month notice period notice period (but which may be immediately terminated by Biome Australia in the event of serious misconduct). Biome Australia may elect to make a lump sum payment in lieu of notice.

Douglas' executive employment agreement also includes a post-employment non-solicitation restraint of trade, which operates worldwide (as the maximum areas) for 11 months from the date on which his employment ceases (as the maximum period).

Dr Jaroslav Boublik, *Chief Science Officer*

On 3 October 2021, Biome Australia and See Breeze Services Pty Ltd entered into a consultancy agreement under which Biome Australia engaged See Breeze Services Pty Ltd to provide chief scientific officer services and See Breeze Services Pty Ltd engaged Dr Jaroslav Boublik to assist to provide those services. Under the agreement, Biome Australia agreed to pay See Breeze Services Pty Ltd $7,666.67 per month plus GST for the services. This fee also covers the fee for Dr Jaroslav Boublik to be a member of the Nomination and Remuneration Committee and Audit and Risk Committee.

The agreement is subject to a mutual one (1) month notice period notice period (but which may be immediately terminated by Biome Australia in the event of serious misconduct).

The agreement also includes a six month no dealing provision, which operates worldwide (as the maximum areas) for 6 months from the date on which the consultancy ceases (as the maximum period).



10. Intellectual Property Report on Trade Marks

Mills Oakley
ABN: 51 493 069 734

30 September 2021

Your ref:
Our ref: HXEC/SJGM/6030905

All correspondence to:
PO Box 453
Collins Street West
MELBOURNE VIC 8007
DX 558 Melbourne

Contact
Hugh Evans
Email: hevans@millsoakley.com.au
Fax: +61 3 9605 0933

Partner
Stuart Gibson +61 3 9605 0092
Email: sgibson@millsoakley.com.au

Biome Australia Limited (ACN 627 364 014)
16 Dover Street
CREMORNE VIC 3121

Attention: Douglas Loh

Dear Mr Loh,

Trade Mark Status Report for Biome Australia Limited ACN 627 364 014

Mills Oakley has prepared and annex to this letter a Trade Mark Status Report for Biome Australia Limited (**Annexure A – Trade Mark Status Report**).

We understand this Trade Mark Status Report has been prepared for inclusion in the IPO Prospectus for Biome Australia Limited.

We confirm that the Trade Mark Status Report includes information concerning all trade marks owned by Biome Australia Limited ACN 627 364 014 and its wholly owned subsidiary, Biome Australia IP Pty Ltd ACN 628 988 278.

In preparing the Trade Mark Status Report, we have searched and reviewed the Australian Trade Mark Register, the World Intellectual Property Organisation (WIPO) database and Mills Oakley's internal trade mark database (WebTMS). Accordingly, the Trade Mark Status Report includes trade mark information from all relevant international jurisdictions.

We confirm that we have included in the Trade Mark Status Report all trade marks that are either registered or for which an application for registration is pending with a national intellectual property authority.

If you have any questions or require further information, please do not hesitate to contact our office.

Yours faithfully

STUART GIBSON
PARTNER

Enc

1 Australia

Country	Trade Mark No.	Trade Mark	Class(es) and Specification	Filing Date	Renewal Date	Owner	Status
Australia	1629580		**Class 5:** Nutritional supplements	19 June 2014	19 June 2024	Biome Australia IP Pty Ltd	Registered
Australia	1989349		**Class 5:** Nutritional supplements	14 February 2019	14 February 2029	Biome Australia IP Pty Ltd	Registered
Australia	2177319		**Class 5:** nutritional supplements; nutritional supplements where probiotics are the active primary ingredients; probiotic bacterial preparations; instruction materials sold together with the aforementioned goods	10 May 2021	Not applicable	Biome Australia IP Pty Ltd	Pending (First Adverse Report received 21 May 2021)
Australia	2177320		**Class 5:** protein supplements in powder or liquid form; dietary supplements for sports performance; plant-based dietary supplements; nutritional drinks being dietary food supplements; nutritional supplement ready-to-mix blends in powder form; nutritional supplement ready-to-mix blends in concentrated liquid form; food and nutritional supplements including drinks promoting weight gain, muscle recovery, energy regeneration, muscle gain and body shaping	25 May 2021	Not applicable	Biome Australia IP Pty Ltd	Accepted Early: awaiting advertisement
Australia	2209472		**Class 35:** wholesale and retail services; wholesale and retail of nutritional supplements and probiotic bacterial preparations; advertising and management services relating to the above activities **Class 42:** research and development of products; research and development of nutritional supplements; research and development of probiotic bacterial preparations	9 September 2021	Not applicable	Biome Australia IP Pty Ltd	Accepted Early: awaiting advertisement

2 China

China	International Registration No. 1291230 China Registration No. 16929580		**Class 5:** Nutritional supplements	23 December 2015	23 December 2025	Biome Australia IP Pty Ltd	Registered
China	International Registration No. 1470355 China Application No.1989349		**Class 5:** Nutritional supplements	4 March 2019	Not Applicable	Biome Australia IP Pty Ltd	Pending Review (review suspended pending non-use application against conflicting trade mark)

3 United States of America

United States of America	International Registration No. 1291230 USPTO Registration No. 5116593		**Class 5:** Nutritional supplements	23 December 2015	23 December 2025 (Statement of Use due by 10 January 2023)	Biome Australia IP Pty Ltd	Registered

United States of America	International Registration No. 1470355 USPTO Registration No. 6066287		**Class 5:** Nutritional supplements	4 March 2019	4 March 2029 (Statement of Use due by 2 June 2026)	Biome Australia IP Pty Ltd	Registered
United States of America	USPTO Registration No. 90804326		**Class 5:** Protein supplements in powder or liquid form; dietary supplements for sports performance; plant-based dietary supplements; nutritional drinks being dietary food supplements; nutritional supplement ready-to-mix blends in powder form; nutritional supplement ready-to-mix blends in concentrated liquid form; food and nutritional supplements including drinks promoting weight gain, muscle recovery, energy regeneration, muscle gain and body shaping	30 June 2021	Not applicable	Biome Australia IP Pty Ltd	Awaiting Examination

4 United Kingdom

United Kingdom	Trade Mark number not yet assigned		**Class 5:** Nutritional supplements	1 September 2021	Not applicable	Biome Australia IP Pty Ltd	Certified by WIPO and Awaiting Examination
United Kingdom	Trade Mark number not yet assigned		**Class 5:** protein supplements in powder or liquid form; dietary supplements for sports performance; plant-based dietary supplements; nutritional drinks being dietary food supplements; nutritional supplement ready-to-mix blends in powder form; nutritional supplement ready-to-mix blends in concentrated liquid form; food and nutritional supplements including drinks promoting weight gain, muscle recovery, energy regeneration, muscle gain and body shaping	4 September 2021	Not applicable	Biome Australia IP Pty Ltd	Certified by WIPO and Awaiting Examination

5 Ireland

Ireland	Trade Mark number not yet assigned		**Class 5:** Nutritional supplements	1 September 2021	Not applicable	Biome Australia IP Pty Ltd	Certified by WIPO and Awaiting Examination



Image attribution: Biome Australia

11. Regulatory Environment

11. Regulatory Environment

Biome Australia's products are regulated, with Biome Australia subject to oversight and review by regulators in Australia, New Zealand and the United Kingdom.

11.1 AUSTRALIA

11.1.1 Overview

In Australia, Biome Australia's principal regulators are:

- the Therapeutic Goods Administration (**TGA**), part of the Australian Government Department of Health and responsible for carrying out a range of assessment and monitoring activities to ensure that therapeutic goods available in Australia are of an acceptable standard; and
- Food Standards Australia New Zealand (**FSANZ**), which is responsible for developing standards that regulate the use of ingredients, processing aids, colourings, additives, vitamins and minerals.

In Australia, Biome Australia works with Anthea Steans Consulting so that Biome can ensure its compliance with the regulatory requirements prescribed under the Australian therapeutic goods and food standards regimes. Clayton Utz has acted as an adviser to the Company in relation to certain aspects of Australian therapeutic goods and food standards regulatory advice.

11.1.2 Regulation of Therapeutic Goods in Australia

Introduction

The TGA regulates "therapeutic goods" available in Australia. "Therapeutic Goods" are defined under the *Therapeutic Goods Act 1989* (Cth) (TG Act) to include goods that are represented in any way to be, or that are, for a therapeutic use, such as (relevantly) products that are likely to be taken to be for use in or in connection with influencing, inhibiting or modifying a physiological process in persons (**Therapeutic Goods**).[1]

Such Therapeutic Goods include:

- medicines (including prescription only, over-the-counter and complementary medicines);
- vaccines;
- medical devices;
- blood and blood products; and
- biological products,

and must be included on the Australian Register of Therapeutic Goods (ARTG) before they can be legally imported, exported, supplied or manufactured in Australia, unless an exemption applies.

Any failure to comply with this requirement may carry significant civil and criminal penalties.

Inclusion of Therapeutic Goods on the ARTG

The TG Act sets out the requirements for including therapeutic goods on the ARTG. The TG Act is supported by the *Therapeutic Goods Regulations 1990* (Cth) (**TG Regulations**) and various orders and determinations, which govern the supply and advertising of Therapeutic Goods in Australia.

Different requirements apply to therapeutic goods depending on their characterisation and classification. Relevantly, Biome Australia is the named sponsor for 13 activated probiotics products (**Probiotics Products**) listed on the ARTG.[2] The Probiotics Products are comprised of twelve unique brands, which are set out in the below table:

Product name	ARTG ID	ARTG effective date	Manufacturer
Biome IBS™ Probiotic	AUST L 315375	13 March 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Advanced™ Probiotic	AUST L 315959	29 March 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)

1. Section 3(1) Therapeutic Goods Act 1989 (Cth)
2. A 'sponsor' is a person or entity which: (a) exports Therapeutic Goods from Australia; (b) imports Therapeutic Goods from Australia; (c) manufactures Therapeutic Goods for supply in Australia or elsewhere; or (d) arranges for another party to import, export or manufacture Therapeutic Goods.

Product name	ARTG ID	ARTG effective date	Manufacturer
Biome Daily™ Probiotic	AUST L 315958	29 March 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Iron+™ Probiotic	AUST L 315955	29 March 2019	▪ Favea as (Manufacture of dosage form) ▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling)
Biome Daily Kids™ Probiotic	AUST L 317898	24 May 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Prenatal+™ Probiotic	AUST L 316500	15 April 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Osteo™ Probiotic	AUST L 315633	21 March 2019	▪ Favea as (Manufacture of dosage form) ▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling)
Biome Breathe™ Probiotic	AUST L 355438 AUST L 315609 ["Old Formulation"]	20 March 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Lift™ Probiotic	AUST L 315960	29 March 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Eczema™ Probiotic	AUST L 355433	23 February 2021	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Biome Her™ Probiotic	AUST L 364311	4 May 2021	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)
Activated X Performance **Recovery Probiotic**	AUST L 316346	10 April 2019	▪ Probiotical SpA (Release for supply, Testing chemical and physical, Testing microbial) ▪ SIIT SRL Servizio Internazionale Imballaggi Termosaldanti (Packaging and labelling, Manufacture of dosage form)

Refer to Section 3.2.2, 3.2.4 and 3.2.5 for further detail on the above Probiotics Products.

Classification of Probiotic Products as Complementary Medicine

Under the TG Act, the Probiotics Products are a type of medicine known as a "complementary medicine", which is a therapeutic good consisting wholly or principally of one or more designated active ingredients[3], each of which has a clearly established identity and a traditional use (and includes microorganisms) (**Complementary Medicines**). Examples of Complementary Medicines include vitamin, mineral, herbal, aromatherapy and homoeopathic products.

Regulatory framework for Complementary Medicine

The regulatory framework for Therapeutic Goods is based on risk and has a two-tiered system for the regulation of medicines.

Complementary Medicines can either be considered lower risk medicines that can be listed in the ARTG, or higher risk medicines which must be registered in the ARTG. The requirements for each category of medicine are contained in Schedule 4 and Schedule 3 of the TG Regulations respectively[4], and it is noted that the Probiotic Products are included on the ARTG as listed medicines.

Biome Australia's responsibilities for Probiotics Products

As the named sponsor for each of the Probiotics Products, Biome Australia is responsible for:

- applying to the TGA to have the Probiotics Products included as Therapeutic Goods included on the ARTG; and
- all regulatory aspects of the supply in Australia of the relevant Therapeutic Goods, which extends to making relevant certifications required for listing as well as post-marketing obligations.

Statutory conditions applying to the Probiotics Products

As the Probiotics Products are listed on the ARTG, the Probiotics Products are subject to a number of statutory conditions that automatically apply to all products listed in the ARTG[5]. A non-exhaustive list of statutory conditions applicable to Biome Australia is as follows:

- not supply goods that have expired;[6]
- not advertise the goods for an indication other than the indication specified in the applicable ARTG entry;[7]
- provide authorised persons with reasonable access to premises and documents;[8]
- comply with any record-keeping and reporting requirements;[9]
- notify the Secretary of changes to manufacturer or manufacturing premises within 10 working days;[10]
- deliver samples of a subject good to the Secretary if requested,[11]

noting that the Secretary of the TGA is empowered to impose additional conditions on the Probiotic Products (**Specific Conditions**).[12] As 5 October 2021, none of the Probiotics Products have any Specific Conditions recorded on the ARTG.

Regulatory requirements applying to the Probiotics Products

Biome Australia confirms that it holds required ARTG listing certificates for the Probiotics Products (which are listed as Complementary Medicines) and that it has made the declarations required[13] to support such ARTG listings.

Additionally, and as mentioned above, Biome Australia retains the regulatory responsibility for the relevant entries in the ARTG. A non-exhaustive list of these regulatory responsibilities applicable to Biome Australia is as follows:

- ensuring compliance with legislative and regulatory requirements, including the relevant safety, quality and performance requirements detailed in the TG Act and TG Regulations;
- applying GMP procedures to the products;
- ensuring compliance of any advertising material for the products;
- keeping records of therapeutic goods imported and supplied in Australia;
- reporting of adverse events and overseas regulatory actions;
- assisting the TGA to access information and investigate incidents;
- implementing corrective or preventative measures, such as recalls, when necessary.

Removal of Probiotic Products from ARTG

Provided Biome Australia continues to pay the annual fee, each Probiotic Product will remain on the ARTG unless its ARTG listing is otherwise suspended or cancelled. Suspension or cancellation of an ARTG listing may be initiated by the TGA or Biome Australia.

Separately, Biome Australia is responsible for payment of annual charges for the inclusion of the products in the ARTG. The current annual fee for listed medicines is AU$1,170.

3. "Designated active ingredients" are described in Schedule 14 to the TG Regulations.
4. Regulation 10 of the Therapeutic Goods Regulations 1990 (Cth)
5. Section 28 of the Therapeutic Goods Act 1989 (Cth)
6. Section 28(5)(aa) of the Therapeutic Goods Act 1989 (Cth)
7. Section 28(5)(ab) of the Therapeutic Goods Act 1989 (Cth)
8. Sections 28(5)(a)-(b) of the Therapeutic Goods Act 1989 (Cth)
9. These include record-keeping requirements and reporting requirements set out in the Pharmacovigilance Responsibilities of Medicine Sponsors, as in force from time to time
10. Sections 28(5)(f)-(g) of the Therapeutic Goods Act 1989 (Cth)
11. Section 28(5)(h) of the Therapeutic Goods Act 1989 (Cth)
12. Section 28 of the Therapeutic Goods Act 1989 (Cth)
13. Section 26A(2)(a)-(k) of the Therapeutic Goods Act 1989 (Cth)

11.1.3 Regulation of food in Australia

Introduction

FSANZ is responsible for developing standards that regulate the use of ingredients, processing aids, colourings, additives, vitamins and minerals (**Standards**). FSANZ is also responsible for some labelling requirements for packaged and unpackaged food, for example, in relation to specific warnings, statements, advisory statements and declarations.

FSANZ's standards are provided for in the *Australia New Zealand Food Standards Code* (the **FSANZ Code**). or example:

- Part 1 of the FSANZ Code provides for, inter alia, standards in relation to labelling and other information requirements, foods requiring pre-market clearance, substances added to or present in food, and microbiological limits and processing requirements.
- Part 2 of the FSANZ Code provides for standards which apply to particular types of foods, for example, cereals, edible oils and special purpose foods.

The FSANZ Code does not require businesses to register in relation to its operations concerning food. Although the FSANZ Code applies to all jurisdictions in Australia at large, compliance with the FSANZ Code is enforced under legislation enacted in each Australian State and Territory.[14]

Regulation of Biome Australia's food products

The Biome Australia 'food products' are the Activated Nutrients® and two of the Activated X performance, being AXP Energy Formula and AXP Power Protein (**Food Products**). Refer to Sections 3.2.3 and 3.2.4 for further detail.

The following parts of the FSANZ Code are most relevant to Biome Australia's Food Products:

- Standard 1.2.1 - 1.2.6, which set out the requirements in relation to labels, including information requirements concerning, for example, statement of ingredients and directions for use and storage;
- Standard 1.2.7, which describes the conditions under which claims can be made on labels about the nutritional content of a food, or the health effect of a food. Standard 1.2.7 provides, for example, that a claim must not be therapeutic in nature, nor compare the vitamin or mineral content of one food with that of another food. Standard 1.2.7 provides that nutrition and health claims need to also comply with the requirements set out at Schedule 4 of Standard 1.2.7;
- Standard 1.3.2, which describes the conditions under which vitamins and minerals may be used as a nutritive substance in a food;
- Standard 2.9.3, which describes additional requirements for formulated meal replacements and formulated supplementary foods, including the minimum compositional requirements for such foods, which are set out at Standard 2.9.3 and Schedule 29,

Together, the **Relevant Standards**.

Biome Australia confirms that its Food Products are in compliance with the Relevant Standards.

14. Including, but not limited to: in New South Wales, the relevant laws are the Food Act 2003 (NSW) and the Food Regulation 2015 (NSW); in Victoria, the relevant law is the Food Act 1984 (VIC); and, in Queensland, the relevant laws are the Food Act 2006 (QLD), the Food Regulation 2016 (QLD) and the Food Production (Safety) Act 2000 (QLD).

11.2 NEW ZEALAND

11.2.1 Overview

Biome Australia's business activities in New Zealand are confined to marketing natural health products, specifically its probiotic products, under its brand "Activated Probiotics®" and are:

- limited to the importation and selling of certain probiotic products under the Activated Probiotics brand (New Zealand Products); and
- facilitated via the services of an engaged third party distributor.

The New Zealand Products are classified as dietary supplements in New Zealand and subject to regulatory frameworks which apply to the importation, distribution, sale and marketing of the New Zealand Products as dietary supplements, as set out in the:

- Food Act 2014 (NZ) (**Food Act**) and Dietary Supplement Regulations 1985 (NZ) (**DSRs**); and
- Biosecurity Act 1993 (NZ) (**Biosecurity Act**).

11.2.2 Regulatory framework under the Food Act

The Food Act regulates the manufacture, sale and distribution of foods in New Zealand.

The Food Act also establishes the New Zealand specific dietary supplement regime, via the DSRs. Dietary supplements are substances for oral use that are intended to supplement the intake of substances normally derived from food. While dietary supplements are regulated as foods in New Zealand, the DSRs are enforced by Medsafe (the regulator of the medicines regime).

In New Zealand, Biome Australia works with Anthea Steans Consulting so that Biome Australia can ensure its compliance with the regulatory requirements enforced by Medsafe. Simpson Grierson has acted as an adviser to the Company in relation to certain aspects of New Zealand dietary supplements regulatory advice.

Classification of the New Zealand Products as dietary supplements

In order to classify the New Zealand Products as dietary supplements in New Zealand and sell them as such, they must meet the legal definition of a "dietary supplement" and only contain ingredients that are permitted to be added to dietary supplements (and at the permitted levels).[15]

Biome Australia has received advice that its New Zealand Products are currently classified as dietary supplements on the basis that:

- the form of the New Zealand Products (being capsules and oral powders with a recommended daily dose of one sachet or capsule per day) is consistent with the definition of dietary supplement;
- all ingredients contained in the New Zealand Products are permitted to be added to dietary supplements because they are:
  - ingredients that are permitted to be added to dietary supplements under the dietary supplements regime; and
  - not ingredients that are prohibited under the medicines or misuse of drugs regulations; and
- no therapeutic claims have been made in relation to the New Zealand Products.

Ingredient requirements for dietary supplement

As the New Zealand Products are classified as dietary supplements, the DSRs outline specific substances that can be added to dietary supplements, which are tabletting aids, preservatives, antioxidants, colours, artificial sweeteners, flavouring, vitamins, minerals and enzymes.

Further, as dietary supplements, the New Zealand Products must not contain any ingredients that are:

- listed under schedule one of the Medicines Regulations 1984 (NZ). Any products that contain schedule one substances will be deemed a prescription, restricted or pharmacy-only medicine (and therefore be regulated under the medicines regime); and
- classified as controlled drugs under the *Misuse of Drugs Act 1975* (NZ).

15. Regulation 2A of the Dietary Supplement Regulations 1985 (NZ)

Requirements relating to labelling of dietary supplements

Once classified as a dietary supplement, certain labelling criteria must also be met. Dietary supplements must bear labels that are compliant with the DSRs (which includes the requirement to include the words "dietary supplement" on the label).

In addition, misleading representations and therapeutic claims must not be made. A claim will be considered therapeutic if it relates to any of the following matters:

- treating or preventing disease;
- diagnosing disease or ascertaining the existence, degree, or extent of a physiological condition;
- altering the shape, structure, size, or weight of the human body; or
- otherwise preventing or interfering with the normal operation of a physiological function, whether permanently or temporarily, and whether by way of terminating or reducing or postponing, or increasing or accelerating, the operation of that function, or in any other way.

Such therapeutic claims are distinct from statements about a health benefit (i.e. health claims). It is permissible for certain health claims to be made in respect of dietary supplements, so long as those claims relate to the product supporting the normal physiological function of the human body.

Biome Australia's responsibilities under the Food Act

Under the Food Act, Biome Australia has a primary obligation to ensure that its food products, which include dietary supplements, are safe and suitable for human consumption.

"Safety" refers to the "condition in which food, in terms of its intended use, is unlikely to cause or lead to illness or injury to human life or public health". Likewise, food will be unsuitable for human consumption if it is in a condition that is offensive, or is damaged, deteriorated, perished or contaminated (or is attached to anything that is), or contains anything that is foreign to the nature of the food, or has packaging that is damaged, deteriorated, perished or contaminated.

In addition, importers of dietary supplements are required to be registered as food importers with the Ministry for Primary Industries (**MPI**). A food importer must be a New Zealand resident as defined under the *Income Tax Act 2007* (NZ).

Biome Australia confirms that Biome is not subject to any registration, permit or approval requirements under the Food Act, as any such requirements apply to the importer of the New Zealand Products (being the third party supplier).

11.2.3 Regulatory framework under the Biosecurity Act

The Biosecurity Act sets out the legal framework used to prevent and manage risks to New Zealand arising from harmful organisms. Relevantly, the Biosecurity Act provides that organisms (including micro-organisms) (which includes the Biome Activated Probiotics®) must meet certain requirements in order to be imported into New Zealand, including by requiring compliance with certain import health standards (**IHS**).

IHSes are legal documents that set out biosecurity requirements that must be met before biosecurity clearance, and therefore importation in New Zealand, can be granted.

Biome Australia confirms that Biome is not subject to any registration, permit or approval requirements under the Biosecurity Act, as any import requirements apply to the importer of the New Zealand Products (being the third party supplier).

11.3 UNITED KINGDOM

11.3.1 Overview

In addition to Australia and New Zealand, Biome Australia also sells the Activated Probiotics® range of products in the United Kingdom as food supplements. There is no requirement for food supplements to be licenced or registered with the United Kingdom Government.

However, all foods and food supplements sold within the United Kingdom must comply with all relevant food law.

The Food Safety Act defines food, by reference to the EU Regulation 178/2002, as: *drink, chewing gum and any substance, including water, intentionally incorporated into the food during its manufacture, preparation or treatment.*

In addition, food supplement is defined in the United Kingdom Food Supplements Regulations as: *any food the purpose of which is to supplement the normal diet and which is a concentrated sources of a vitamin or mineral or other substance with nutritional or physiological effect, alone or in combination, and is sold in dose form.*

Compliance is regulated by the Food Standards Agency (**FSA**) and Food Standards Agency Scotland. In the United Kingdom, the key pieces of legislation for these purposes are:

- the *Food Safety Act 1990* (UK), which is based on the principle that products must be safe for consumption and not misleadingly labelled;
- the *Food Supplements (England) Regulations 2003/1387*, which relate to the labelling of food supplements specifically, with requirements set out in the legislation in Wales, Scotland and Northern Ireland; and
- the *Food Information Regulations 2014/1855*.

In the United Kingdom, Biome Australia works with Summit NutriHealth Ltd so that Biome can ensure its compliance with the regulatory requirements prescribed under the FSA. Arnold & Porter has acted as an adviser to the Company in relation to certain aspects of United Kingdom medicinal product and food supplement regulatory advice.

Biome Australia notes that the Activated Probiotics® range are classified as food supplements in the United Kingdom. Despite this, there remains a risk that has been identified that the categorisation of the Activated Probiotics® range in the United Kingdom as food supplements could be found by the medicinal regulator, MHRA, to be incorrect and could be viewed instead as 'medicinal' and requiring market authorisation before being offered for sale in the United Kingdom. Further, there is a risk that the use of the word 'probiotic' in the name of the Activated Probiotics® range could be an unauthorised health claim.

Refer to Section 5.2.13 for further information in relation to this risk.



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12. Taxation

12. Taxation

12.1 AUSTRALIAN TAX CONSIDERATIONS

This Section provides a general overview of the Australian tax consequences for investors who acquire New Shares through the Offer. The comments in this Section are based on current Australian taxation legislation (including established interpretations of those legislation) in force at the Prospectus Date, which may change.

This Section is general in nature and is not intended to be an authoritative or a complete statement of Australian taxation legislation. It should be noted that Australian taxation legislation is complex and the investor's own circumstances will affect the taxation outcomes of making an investment in New Shares through the Offer. It is recommended that investors seek independent professional advice, having regard to their own specific circumstances, in considering an investment in New Shares through the Offer.

The categories of Shareholders considered in this summary are limited to individuals, companies and trusts (other than superannuation or pension funds), each of whom holds their shares on capital account and are residents of Australia.

This summary does not consider the consequences for Shareholders who are partnerships, complying superannuation or pension funds, insurance companies, banks, Shareholders that hold their shares on revenue account (or any deemed revenue holding rules) or carry on a business of trading in shares, Shareholders who acquired shares in connection with an employee share scheme or investors who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements /TOFA regime). Investors should seek independent professional advice to determine if Shares are held in this capacity and the corresponding income tax implications should this apply.

Moore Australia (Vic) Pty Ltd, a registered tax agent, has provided the tax comments below. Moore Australia (Vic) Pty Ltd is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as those covered by this Section, are only some of the matters you need to consider when making a decision about a financial product. You should consider taking advice from the holder of an Australian Financial Services Licence before making such a decision.

12.2 DIVIDENDS ON A SHARE – AUSTRALIAN TAX RESIDENTS

Dividends may be paid to Shareholders in respect of their Shares. "Franking credits" may be attached to such dividends. Franking credits broadly represent the extent to which a dividend is paid out of profits that have been subject to Australian income tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

Generally, Australian tax resident Shareholders are required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the credits attaching to franking credits should also be included in the Australian tax resident Shareholder's assessable income (i.e. the dividends are required to be "grossed-up"). In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the grossed-up dividends received (and entitled to a tax offset for the associated franking credits as discussed below).

To the extent that the dividends are unfranked, Australian tax resident Shareholders should be subject to tax at their applicable rate of tax on the unfranked dividends received.

The distribution statement for the dividends paid should advise of the franking status of the dividends.

Australian resident individuals

To the extent that the Shareholders are Australian tax resident individuals, such Shareholders should be entitled to a tax offset equal to the franking credit received. The tax offset should apply to reduce the income tax payable on the Shareholder's taxable income. Where the tax offset exceeds the amount of total income tax payable on the Shareholder's taxable income in an income year, such Shareholders should be entitled to a tax refund from the ATO equal to the excess. Where the franking credits are less than the tax payable on the dividends, those Shareholders should be required to pay an additional amount of tax ("top-up tax") on the excess.

Trusts

Shareholders who are trustees of a trust (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes), should include any dividends and franking credits in their assessable income in determining the net income of the trust. Generally, the relevant beneficiary presently entitled to the income of the trust may then be entitled to a corresponding tax offset equal to the beneficiary's share of franking credits received, subject to certain requirements being satisfied, including being a "qualified person" in respect of the dividend (see further below).

In relation to trusts, the legislation surrounding the taxation of dividends are complex and independent professional advice should be sought to confirm the appropriate tax considerations and treatment based on the Shareholder's particular circumstances.

Corporate Shareholders

Shareholders that are Australian tax resident companies (including those which are deemed to be companies for income tax purposes) should be entitled to a tax offset equal to the amount of franking credits received on dividends.

However, unlike non-corporate Shareholders, they are unable to claim tax refunds for any excess franking credits. Where excess franking credits exist, a corporate Shareholder may be able to convert the surplus franking credits into carry forward tax losses.

Corporate Shareholders (including those which are deemed to be companies for income tax purposes) should also be entitled to a credit in their franking accounts equal to the franking credits received in respect of the dividends. A corporate Shareholder may be able to subsequently pass on the benefit of the franking credits by making franked distributions to its own Shareholders.

Integrity rules

(a) Holding period rule

There are certain limitations imposed by Australian tax legislation, which may prevent a Shareholder from obtaining the benefit of franking credits. In this regard, Shareholders seeking to claim tax offsets for franking credits must be "qualified persons" in respect of the relevant dividends.

Broadly, to satisfy the qualified person rule, a Shareholder must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule broadly requires Shareholders to have held their Shares continuously "at risk" for at least 45 days (excluding the dates of acquisition and disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be considered to be held "at risk" to the extent that no material "positions" are adopted in relation to the Shares which have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative agreements, or agreements to sell the Shares).

Under the related payment rule, a different testing period applies where a Shareholder or an associate of the Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where a Shareholder or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the Shareholder to have held the Shares continuously at risk for at least 45 days during the period starting at least 45 days before and ending at least 45 days after the shares go ex dividend (excluding the dates of acquisition and disposal). Practically, the related payment rule should not affect Shareholders who do not pass the benefit of the dividend to another person. Shareholders should seek independent advice to determine if the related payment rule applies in their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual Shareholder may satisfy the qualified person rules on an alternative basis, provided that the Shareholder satisfies the small holdings exemption. This exemption should generally be satisfied where the Shareholder is entitled to total franking credits (from all sources) of no more than $5,000 in the relevant year of income.

Special rules apply to trusts and beneficiaries in order to be considered a qualified person.

Investors should seek independent professional advice to determine if the qualified person requirements, as they apply to them, have been satisfied.

(b) Dividend washing

A specific integrity rule prevents taxpayers from obtaining a tax benefit from franking credits where dividends are received as a result of "dividend washing".

Broadly, dividend washing is a practice through which taxpayers seek to claim two sets of franking credits by selling shares held on the ASX ex-dividend and then effectively re-purchasing a substantial equivalent parcel of shares cum-dividend on a special ASX trading market.

Shareholders should consider the impact of integrity provisions and seek independent advice having regard to their own personal circumstances.

12.3. TAXATION ON DISPOSAL OF SHARES – AUSTRALIAN TAX RESIDENT SHAREHOLDERS

The disposal of a Share by a Shareholder should constitute a capital gains tax (CGT) event. A capital gain should arise to the extent that the capital proceeds on disposal exceeds the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale.

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other

requirements have been satisfied. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. A superannuation fund can reduce the capital gain by one-third (after reduction of the capital gain by applicable capital losses).

If the Shareholder who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not corporate entities (with the exception of corporate entities in their capacity as trustee of a trust). Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

Australian tax resident investors who hold Shares on revenue account should seek separate independent professional advice.

12.4 NON-RESIDENT CGT WITHHOLDING

A non-final withholding tax of 12.5% may be applied on the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016. However, this should not apply to the disposal of a Share on the ASX (in accordance with a specific exemption).

12.5 TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER

An Australian tax resident Shareholder is not obliged to quote a Tax File Number (**TFN**), or where relevant, an Australian Business Number (**ABN**), to the Company. However, if a TFN or ABN is not provided to the Company and no exemption is applicable to the Shareholder, pursuant to the TFN withholding rules, income tax may be required to be withheld by the Company at the highest marginal rate on unfranked dividends and/or other applicable distributions. Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld in their income tax returns.

No withholding requirements should apply in respect of fully franked dividends paid in respect of the Shares.

12.6 STAMP DUTY

On the basis that the Company is not a landholder in any Australian jurisdiction, no stamp duty should be payable on the Listing of the Company on the ASX.

Under current stamp duty legislation, stamp duty should also not ordinarily be payable on any subsequent acquisition of Shares in the Company by a Shareholder and, even if the Company is a landholder for stamp duty purposes, provided the Company remains listed on the ASX and less than 90% of the shares are acquired, no landholder duty should be payable on any subsequent acquisition of Shares in the Company by a Shareholder.

Shareholders should seek their own independent advice as to the impact of stamp duty in their own particular circumstances.

12.7 GOODS AND SERVICES TAX (GST)

Under current Australian GST legislation, GST should not be applicable to the acquisition or disposal of any Shares. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to costs associated with the Offer (such as costs relating to professional advice obtained by Shareholders regarding the Offer) would vary according to individual circumstances and as such, Shareholders should seek GST advice in this respect.

No GST should be payable by Shareholders on receiving dividends (or other distributions) paid by the Company.



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13. Additional Information

13. Additional Information

13.1 REGISTRATION AND CAPITAL STRUCTURE

Biome Australia Limited ACN 627 364 014, was registered in Victoria, Australia on 6 July 2018.

Biome Australia is the parent company of the following:

- Biome Australia Trading Pty Ltd, ACN 628 988 625, 100% held by Biome Australia and incorporated in Victoria, Australia on 24 September 2018. This entity was established as the trading company for Biome Australia Limited; and
- Biome Australia IP Pty Ltd, ACN 628 988 278, 100% held by Biome Australia and incorporated in Victoria, Australia on 24 September 2018. This entity was established as the intellectual property ownership entity for Biome Australia Limited.

13.1.1 Capital structure - At the Prospectus Date and on IPO Completion

The capital structure of the Company as at the Prospectus Date and on IPO Completion is set out in the tables below.

Shares	Shares held on the Prospectus Date	Shares held on IPO Completion	Percentage held on IPO Completion
Existing Shares	148,733,950	148,733,950	74.4%
New Shares to be issued on automatic conversion of the Performance Rights	Nil	11,175,907	5.6%
New Shares issued under the Offer	Nil	40,000,000	20.0%
Total	**148,733,950**	**199,909,857**	**100%**

Refer to Section 13.2 for a summary of the rights attaching to the Shares. Refer to Section 6.7 for a summary of the interests in the Shares held by Directors.

Options	Options held on the Prospectus Date	Options held on IPO Completion	Percentage of Options held on IPO Completion
Holders of Existing Options A	9,150,177	9,150,177	53.0%
Holders of Existing Options B	1,924,337	1,924,337	11.1%
Holders of Existing Options C	1,924,337	1,924,337	11.2%
Lead Manager Options	Nil	4,262,808	24.7%
Total	**12,998,851**	**17,261,659**	**100%**

Refer to Section 13.3 for a summary of the rights attaching to the Existing Options and 13.3 for a summary of the rights attaching to the Lead Manager Options. No Directors hold any Options.

Performance Rights	Performance Rights held on the Prospectus Date	Performance Rights held on IPO Completion	Percentage held on IPO Completion
Performance Rights	11,175,907	Nil (all Performance Rights are convertible into Shares on IPO Completion)	0%
Total	**11,175,907**	**Nil**	**0%**

Refer to Section 13.4 for a summary of the rights attaching to the Performance Rights. Refer to Section 6.7 for a summary of the interests in the Performance Rights held by Directors.

13.1.2 Capital structure – On IPO Completion on a fully diluted basis

The below table depicts the number of Shares that will be held assuming all Options and Performance Rights are exercised or converted into Shares.

Refer to Section 6.7 for a summary of the interests held by Directors.

Shares	Total Shares held on the Prospectus Date	Total Shares held on IPO Completion on a fully diluted basis	Percentage held on IPO Completion on a fully diluted basis
Existing Shares	148,733,950	148,733,950	68.5%
Shares issued under the Offer	Nil	40,000,000	18.4%
Shares issued on exercise of Existing Options[1]	Nil	12,998,851	6.0%
Shares issued on exercise of Lead Manager Options[1]	Nil	4,262,808	2.0%
Shares issued on conversion of Performance Rights[2]	Nil	11,175,907	5.1%
Total	**148,733,950**	**217,171,516**	**100%**

Notes:

1. The Options are exercisable into Shares on a 1:1 basis. Refer to Section 13.3 for further detail on the Existing Options and the Lead Manager Options to be issued on IPO Completion. Of these Options, none are held by Directors or by entities related to the Directors.
2. The Performance Rights are automatically convertible into Shares on a 1:1 basis at IPO Completion. Refer to Section 13.4 for further detail on the Performance Rights. Of these Performance Rights, 6,303,262 are held by entities related to the Directors.

13.1.3 Shareholding structure

The top 10 Shareholders of the Company as at the Prospectus Date is set out in the below table. The table also sets out the percentage of Shares in the Company that will be held at IPO Completion (on an undiluted basis). The table below assumes that the Existing Shareholders listed below will not apply for and receive New Shares under the Offer.

Rank	Existing Shareholder	Shareholding as at the Prospectus Date	% issued capital	% post-Offer
1	Ocean And Remi Pty Ltd <Cambria Partners A/C>[1]	14,162,499	8.9%	7.1%
2	Raymond Demaio Pty Ltd <Raymond Family A/C>	10,927,536	6.8%	5.5%
3	Emmanuel Investment Holdings Pty Ltd <Loh Family A/C>[2]	9,602,010	6.0%	4.8%
4	Aini Loh	6,914,130	4.3%	3.5%
5	Mr Joshua Stanford-Harris	4,884,601	3.1%	2.4%
6	Qintet Pharma Partners Pty Ltd	4,544,203	2.8%	2.3%
7	Mr Michael Sven Ola Oredsson	4,254,579	2.7%	2.1%
8	Burrangong Pty Ltd <Sam Family Settlement A/C>	3,797,101	2.4%	1.9%
9	See Breeze Consulting Pty Ltd[3]	3,698,116	2.3%	1.8%
10	Camanjes Pty Ltd <Camanjes No 2 A/C>	3,675,796	2.3%	1.8%
Total		**66,460,571**	**41.6%**	**33.2%**
	All other Existing Shareholders	93,449,286	58.4%	66.8%
Grand Total		**159,909,857**	**100.0%**	**100.0%**

Notes:

1. This entity is controlled by Director, Blair Vega Norfolk.
2. This entity is controlled by the Chief Financial Officer, Douglas Loh.
3. This entity is controlled by the Chief Science Officer, Dr Jaroslav Boublik.

Details of the Shares that will be subject to escrow arrangements are set out in Section 13.8.

13.2 RIGHTS ATTACHING TO SHARES

The provisions relating to the rights attaching to the Shares are set out in the Constitution and the Corporations Act. A copy of the Constitution can be inspected during office hours at the registered office of the Company and Shareholders can obtain a copy of the Constitution, free of charge.

The table below contains a summary of the rights attached to Shares. It is not intended to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders which can involve complex questions of law arising from the interaction of the Company's Constitution with statutory and common law requirements. If you wish to seek a definitive assessment of the rights and liabilities that are attached to your Shares in any specific circumstance, you should seek your own advice.

Voting:	At a meeting of Shareholders, except where otherwise provided by the Corporations Act or the Constitution or to comply with governance recommendations of the ASX Corporate Governance Council in respect of when a poll is to be demanded, resolutions are to be decided by a show of hands. However, the Chairman may request a poll immediately after a show of hands, and, subject to conditions, Shareholders may request a poll. A Shareholder is not entitled to vote at a general meeting unless all calls and other sums presently payable by the Shareholder in respect of shares in the Company have been paid.
General meetings and notices:	The Company shall call an annual general meeting in accordance with the Corporations Act. Any Director may convene a general meeting whenever he or she thinks fit. Except when the Corporations Act and the Listing Rules permit shorter notice to be given, 28 days' notice is required for a general meeting of Shareholders. Holders of ordinary and preference shares are entitled to receive notice of and attend meetings, and receive all documents required to be sent to Shareholders under the Company's Constitution and the Corporations Act. Ordinary Shareholders are entitled to vote at meetings in the ordinary course, and preference shareholders can only vote on the limited issues outlined in the Constitution. The quorum for a meeting of Shareholders is three Shareholders.
Dividends and share plans:	Subject to the Corporations Act and the Constitution, the Directors may pay to Shareholders any final or interim dividends as they see justified by the equity of the Company. Any unclaimed dividends may be invested and used by Directors for the benefit of the Company until claimed. The Company is not a trustee in respect of unclaimed dividends. The Board may adopt a Dividend reinvestment plan at its discretion whereby ordinary Shareholders may forego their right to share in Dividends and instead receive an issue of fully paid shares in the Company.
Issue of Shares:	Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the issue of shares in the Company is under the control of the Directors who may issue, allot or dispose of shares in the Company on the terms and conditions and with such rights and privileges as they see fit. Subject to the Constitution and any resolution made with respect to the alteration of capital, the Directors may issue new shares with or without special conditions, preferences or priority. Subject to the Corporations Act and the ASX Listing Rules, the Company may issue preference shares or shares with special privileges or voting rights on such terms as the Directors shall determine. Such preference shares may be, or at the option of the Company be, liable to be redeemed or converted into other shares.
Transfer of Shares:	Generally, all shares are freely transferable subject to the procedural requirements of the Constitution and to the provisions of the ASX Listing Rules. If permitted by the ASX Listing Rules or the Operating Rules, the Directors may decline to register an instrument of transfer received.
Shareholder liability:	As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.
Winding up:	If the Company is wound up and assets remain after the payment of debts and liabilities of the Company and the costs of winding up, these assets (**Surplus Assets**) can be distributed by the liquidator in accordance with the procedure set out in the Constitution. They are to be distributed first, in repayment of paid-up capital in accordance with the respective rights of the Shareholders and, second, the balance remaining shall be distributed among the ordinary Shareholders in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up (other than amounts paid in advance of calls).

Variation of rights:	The rights attaching to any class cannot be varied without the consent in writing of the holders of 75% of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.
Directors – Appointment, retirement and removal:	The Company may, by resolution, increase or decrease the number of Directors, with the minimum number of Directors being three and the maximum being ten. Directors may appoint another person qualified to be a Director to either fill a casual vacancy or as an addition to the Board. A Director who is so appointed only holds office until the next annual general meeting, where they are eligible for re-election. At a general meeting, the Company may, by resolution, remove a Director before the end of their term, appoint another qualified person as Director, or remove any Director before the expiration of their term and appoint a qualified person in their stead. A Director must not continue in office in excess of three consecutive years until the third annual general meeting following their appointment without submitting to re-election.
Decisions of Directors:	The quorum for a meeting of Directors is 3. Questions arising at any meeting of Directors shall be decided by a majority of votes. The Chairman of the meeting, when more than two directors including the Chairman are present, has a second casting vote.
Alteration to the constitution:	The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting or by a court order pursuant to the Corporations Act.

13.3 OPTIONS (EXISTING OPTIONS AND LEAD MANAGER OPTIONS)

Existing Options

The Existing Options were issued throughout 2019 and 2020.

The following is a summary of the principal details and principal rights of the Existing Options:

Number on issue:	12,998,851		
Issue price:	Nil		
Exercise period and Exercise Price:	**Existing Options**	**Exercise Period**	**Exercise price**
	9,150,177 Existing Options A	30 June 2020 - 31 January 2022	$0.23
	1,924,337 Existing Options B	8 February 2019 – 30 June 2022	$0.21
	1,924,337 Existing Options C	8 February 2019 – 30 June 2023	$0.28
	TOTAL 12,998,851 Existing Options		
Exercise ratio:	1:1		
Participation in new issues:	The Existing Option does not confer any right on the Option Holder to participate in a new issue of securities without exercising the Existing Option.		
Shares issued on exercise:	Shares issued as a result of the exercise of the Existing Options will rank pari passu in all respects with all other ordinary shares then on issue. Such Shares will be issued in accordance with the requirements of the ASX Listing Rules and the Corporations Act, including as necessary to comply with the on-sale requirements of the Corporations Act.		
Dividend:	The Existing Option does not confer any rights to dividends. Shares issued upon the exercise of the Existing Option will only carry an entitlement to receive a dividend if they were issued on or before the 'record date' for the dividend.		

Adjustment for bonus issue:	If there is a bonus issue to Shareholders, the number of Shares over which the Existing Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Existing Option had been exercised before the Record Date for the bonus issue.
Adjustment for reorganisation of capital:	If the Company reorganises its capital, the rights of the Existing Option Holder (and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.
Not quoted:	The Company will not apply for quotation of the Existing Option on the ASX.
Transferability:	The Existing Option is only transferable up until it lapses, with the Company's prior written consent.

No Existing Options are held by Directors.

Lead Manager Options

It is proposed that 4,262,808 Lead Manager Options will be issued to the Lead manager on IPO Completion.

The following is a summary of the principal details and principal rights of the Lead Manager Options:

Number on issue:	4,262,808 Lead Manager Options		
Issue price:	Nil		
Exercise period and Exercise Price:	**Lead Manager Options**	**Exercise Period**	**Exercise price**
	2,131,404 Lead Manager Options	IPO Completion – three years from the issue date	$0.30
	2,131,404 Lead Manager Options	IPO Completion – four years from the issue date	$0.40
	TOTAL 4,262,808 Lead Manager Options		
Exercise ratio:	1:1		
Participation in new issues:	The Lead Manager Option does not confer any right on the Lead Manager Option Holder to participate in a new issue of securities without exercising the Lead Manager Option.		
Shares issued on exercise:	Shares issued as a result of the exercise of the Lead Manager Option will rank pari passu in all respects with all other ordinary shares then on issue.		
Dividend:	The Lead Manager Option does not confer any rights to dividends. Shares issued upon the exercise of the Lead Manager Option will only carry an entitlement to receive a dividend if they were issued on or before the 'record date' for the dividend.		
Adjustment for bonus issue and pro-rata issue:	If there is a bonus issue to Shareholders, the number of Shares over which the Lead Manager Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Lead Manager Option had been exercised before the Record Date for the bonus issue. If the Company undertakes any pro-rata issue of securities during the term of the Lead Manager Options (i.e. a right issue), the Company will adjust the exercise price of the options to reflect any dilution with respect to Lead Manager's interest in the fully diluted issued capital of the Company resulting from the pro-rata issue of securities.		
Adjustment for reorganisation of capital:	If the Company reorganises its capital, the rights of the Option Holder (and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.		
Not quoted:	The Company will not apply for quotation of the Lead Manager Options on the ASX.		
Transferability:	The Lead Manager Options are freely transferable (subject to any mandatory escrow).		
Change of control:	If Biome Australia is the subject of an acquisition or change of control transaction (by merger, takeover, scheme of arrangement or otherwise) in accordance with Chapter 6 or Part 5.1 of the Corporations Act before the expiry date of the Lead Manager Options, these Lead Manager Options will immediately vest.		

13.4 PERFORMANCE RIGHTS

The Performance Rights were issued in 2020 and 2021. These Performance Rights were either issued with the approval of shareholders under Chapter 2E of the Corporations Act or were otherwise deemed reasonable remuneration by a quorum of non-interested directors at the time.

The following is a summary of the principal details and principal rights of the Performance Rights:

Holder	Number of Performance Rights	Conversion
OCEAN AND REMI PTY LTD <CAMBRIA PARTNERS A/C>[1]	5,832,247	Each Performance Right converts into one Share at IPO Completion.
FDV INVESTMENTS PTY LTD[2]	471,015	
EMMANUEL INVESTMENT HOLDINGS PTY LTD <LOH FAMILY A/C>[3]	3,387,137	
SEE BREEZE CONSULTING PTY LTD[4]	1,485,508	
TOTAL	**11,175,907**	

Notes:

1. Controlled by Blair Vega Norfolk, Director.
2. Controlled by Ilario Faenza, Director.
3. Controlled by Douglas Loh, Chief Financial Officer;
4. Controlled by Dr Jaroslav Boublik, Chief Science Officer.

13.5 EMPLOYEE INCENTIVE PLAN

On 2 October 2021, Biome Australia adopted an Employee Incentive Plan to assist in the motivation, reward and retention of its Directors, executive staff and other selected employees and advisors.

The key terms of the Employee Incentive Plan are detailed below. As at the Prospectus Date, no securities have been issued under this Employee Incentive Plan.

For the purposes of ASX Listing Rule 7.2 (Condition 13), it proposed that the maximum number of securities to be issued under the Employee Incentive Plan, within the three year period commencing from Listing, is 10,000,000.

Purpose	The purpose of the Employee Incentive Plan (**Plan**) is to reward, motivate and retain 'Eligible Employees' for creating value for the shareholders of the Company (**Shareholders**) by providing Eligible Employees with an opportunity to gain an equity interest in Biome Australia Limited (**Company**).
Eligibility	An offer under the Plan may be made to any eligible employee, being a director, employee or consultant of the Company or related body corporate of the Company who is declared by the board to be eligible or any other person who is declared to be eligible by the board (**Eligible Employee**).
Form of equity	The following incentives may be issued under the Employee Incentive Plan: ▪ Options or Performance Rights; ▪ Share(s) in the Company (**Shares**) issued pursuant to the exercise of an Option or conversion of a Performance Rights; or ▪ Incentive Shares, (each an Incentive).
Maximum allocation	An Offer of Options, Performance Rights or Incentive Shares may only be made under the Plan if the aggregation of the following: ▪ number of Shares that may be issued if each outstanding Option and Performance Right were exercised; plus ▪ the number of Incentive Shares issued, pursuant to the Plan or any other group employee incentive scheme during the previous 3 years does not exceed 5% of the total number of Shares on issue at the time of the proposed issue.

Offer	The board may make an offer to the determined Eligible Employee (**Offer**). The board must give each Eligible Employee who is invited to apply for the Incentives under the Plan an offer letter which may specify the following information in relation to the Offer: ▪ the number of Options, Performance Rights or Incentive Shares; ▪ the conditions on the Offer (**Offer Conditions**); ▪ the date on which the Incentives are granted to a Participant (**Grant Date**); ▪ the fee payable by a Participant on the grant of the Incentives (**Fee**) (if any); ▪ the performance requirements (as specified in the offer letter) which must be met prior to the vesting of an Incentive (**Performance Criteria**) (if any); ▪ the time-based requirements or conditions (as specified in the Offer) which must be met prior to Incentives (as applicable) vesting in a Participant (**Vesting Conditions**) (if any); ▪ the exercise price payable (if any) by a Participant to acquire a Share upon the exercise of an Option as specified in the Offer (**Exercise Price**); ▪ the date when the an Offer lapses (**Expiry Date**) and the period commencing on the Grant Date and ending on the Expiry Date (**Term**) (if applicable); ▪ the period up to the Expiry Date during which a vested Option may be exercised (**Exercise Period**) (if applicable); and ▪ the period in which the Performance Criteria must be satisfied in respect of an Incentive (**Performance Period**) (if applicable). An Offer must be accompanied by an application by an Eligible Employee to participate in the Plan (**Application**), the terms and conditions of the relevant Incentive and a copy of the Plan. Once the Application has been returned to the Company, the Eligible Employee becomes a participant in the Plan (**Participant**). A person to whom an Offer is made may accept the Offer by completing the Application and giving it to the board by 5:00pm on the date 14 days after the date of the offer letter, after which the Offer will expire.
Rights attaching to Shares	Any Shares allotted, issued or transferred by the Company to a Participant under the Plan will rank equally with all existing Shares on and from the date of allotment, issue or transfer in respect of all rights, bonus issues and dividends which have a record date for determining entitlements on or after the date of allotment, issue, or transfer of those Shares.
Lapse and forfeiture	An Employee's Options or Performance Rights will automatically lapse and be cancelled for no consideration at the earliest of the following to occur: ▪ Subject to the good and bad leaver provisions, 10 business days after the cessation of employment, contractual engagement or office of a Participant with the Company or any member of the group such that the Participant is no longer an employee, contractor or officer of any member of the group or the Company; ▪ where fraudulent or dishonest actions have occurred or where the board has determined that the Participant has, by any act or omission, brought the group into disrepute or acted contrary to the interests of the Company or the group; ▪ if applicable Performance Criteria and/or Vesting Conditions are not achieved by the relevant time; ▪ the expiry date specified in the offer letter; ▪ where the board has determined that the Participant has, by any act or omission, brought the group into disrepute or acted contrary to the interests of the Company or the group; ▪ the receipt by the Company of notice from the Participant, after a death or total and permanent disablement of the Participant, that the Participant has elected to surrender the Incentives; or ▪ any other circumstances specified in any offer letter pursuant to which the Incentives were issued. An Offer of Options, Performance Rights and/or Incentive Shares can lapse before any of the securities detailed in such Offers are issued in the absolute discretion of the board. The board retains the discretion to determine the treatment of Options in the event that the Vesting Conditions or Performance Criteria have not been satisfied and the treatment of Performance Rights in the event that the Performance Period has expired or the Participant has failed to satisfy the Performance Criteria or Vesting Conditions.

Good Leaver and Bad Leaver	**Good Leaver** Where a Participant who holds Incentives becomes a 'Good Leaver' (determined at the discretion of the board): ▪ all vested Options which have not been exercised in accordance with the Rules will continue in force and remain exercisable for 90 days after the date the Participant becomes a Good Leaver, unless the board determines otherwise in its sole and absolute discretion, after which the Options will lapse; and ▪ the board may at any time, in its sole and absolute discretion (subject to the Corporations Act and ASX Listing Rules), do one or more of the following: - permit unvested Incentives held by the Good Leaver to vest; - permit such unvested Incentives held by the Good Leaver or his or her nominee(s) to continue to be held by the applicable holder, with the board having the discretion to amend the vesting criteria (including any offer conditions, Performance Criteria or Vesting Conditions) or reduce the exercise period of such unvested Incentives; or - determine that the unvested Incentives will lapse. **Bad Leaver** Where a Participant who holds Incentives becomes a Bad Leaver (determined at the discretion of the board and includes fraudulent or dishonest actions) unless the board determines otherwise, in its sole and absolute discretion, all vested and unvested Incentives will lapse and the board may determine to buy back any Shares issued upon exercise of an Option or conversion of a Performance Rights in accordance with the terms of the Plan.
Buy-back	Incentives issued pursuant to the Plan will be subject to the Company's right to buy-back and may at any time be immediately bought-back by the Company: ▪ if the Participant holding the Incentives ceases employment or office where the Offer Conditions, Performance Criteria and/or Vesting Conditions attaching to the Incentives have not been met by the time of cessation; ▪ the bad leaver provisions set out in the Plan apply; ▪ the fraudulent or dishonest actions provisions set out in the Plan apply; or ▪ the Options, Performance Rights or offer of Incentive Shares have lapsed.
Assignment	Unless otherwise determined by the board or required by law, Options and Performance Rights held under the Plan may not be transferred or assigned.
Amendment, Termination and suspension	The board may at any time amend the Rules or the terms and conditions upon which any Incentives have been issued under the Plan. Other than to comply with any law or the ASX Listing Rules, no amendment to the Rules may be made if the amendment, in the opinion of the board, materially reduces the rights of any Participant in respect of Incentives granted to them prior to the date of the amendment. The board may at any time terminate or suspend the operation of the Plan for such period or periods as it thinks fit.
Terms and conditions of Options	(**Entitlement**) Each vested Option entitles the Participant holding the Option to subscribe for, or to be transferred, one Share on payment of the Exercise Price. (**Exercise Period**) The Exercise Period will be determined by the board. (Conditions for Vesting and Exercise) The board will determine prior to an Offer being made and specify in the Offer any Performance Criteria and/or Vesting Conditions attaching to the Options. Upon receiving a vesting notification from the Company that the Participant's Incentives have vested and are exercisable, the Participant may exercise the Options within the Exercise Period by delivering a signed notice of exercise and the applicable payment to the Company, subject to the cashless exercise of the Options. (**Cashless settlement**) The Participant may elect to set off the exercise price for the Options against the number of Shares they are entitled to receive upon exercise, in which case the holder would receive Shares to the value of the surplus after the Exercise Price has been set off (**Cashless Exercise Facility**). For the avoidance of doubt, if the Cashless Exercise Facility is elected, the Participant will only be issued the number of Shares equal in value to the difference between the total Exercise Price otherwise payable on the Options being exercised and the then market value of the Shares. If the difference is zero or negative, then a Participant will not be entitled to use the Cashless Exercise Facility.

	(**Adjustments**) In the event of any variation in the share capital (such as a consolidation, subdivision, reduction or capital return), the number of Incentives held will be adjusted in accordance with the applicable ASX Listing Rules so that the Participant does not suffer any material detriment following any variation in the share capital as allowed under the ASX Listing Rules. ▪ **Rights Issue** – If there is a pro-rata issue of new Shares to Shareholders, the Exercise Price or number of underlying Shares into which one Option is exercisable will, in the case of a pro-rate issue, be adjusted in accordance with the ASX Listing Rules. ▪ **Bonus Issue** – If the Company makes a bonus issue of Shares or other securities to existing Shareholders, the number of Shares which must be issued on the exercise of a Participant's Options will be increased to the number of Shares which the Participant would have received if the Participant had exercised those Options before the record date for the bonus issue. (**Change of Control**) Where the Company announces a change of control event (i.e. approval of a scheme of arrangement, a takeover bid, a person acquiring more than 50.1% of the issued Shares or the sale of the business (Change of Control Event)) has occurred or is likely to occur: ▪ a Participant may exercise their Options regardless of the Vesting Conditions having been satisfied; and ▪ where an offer has been made to the Participants on like terms to the terms proposed in relation to issued Shares under the Change in Control Event and this offer has not been accepted by the end of the offer period, the Options will lapse within 10 days of the end of that offer period.
Terms and conditions of Performance Rights	**(Entitlement)** The board may offer Performance Rights to any Participant in its sole discretion. Each Performance Right confers an entitlement to be provided with one Share. **(Performance Criteria/Vesting Conditions and satisfaction and variation to Performance Criteria/ Vesting Conditions)** The board will determine prior to an Offer being made and specify in the Offer any Performance Criteria, Vesting Conditions, Performance Period or Expiry Date attaching to the Performance Rights. The board will determine at its sole discretion whether the Performance Criteria and/or Vesting Conditions have been satisfied. **(Lapse of Performance Rights)** Where Performance Rights have not satisfied the Performance Criteria by the end of the Performance Period or the Expiry Date (whichever occurs earlier), those Performance Rights will automatically lapse. **(Adjustment for reorganisation)** If there is any reorganisation of the issued share capital of the Company, the terms of Performance Rights and the rights of the Participant who holds such Performance Rights will be varied, including an adjustment to the number of Performance Rights, in accordance with the Listing Rules that apply to the reorganisation as allowed under the ASX Listing Rules. **(Bonus Issue)** If, during the term of any Performance Rights, Shares are issued pro rata to Shareholders generally by way of bonus issue, the number of Performance Rights to which the Participant is then entitled, shall be increased to a number equal to the number of Shares which the Participant would have been entitled to receive if the Performance Rights then held by the Participant had vested immediately prior to the record date for the bonus issue. **(Change of Control)** Where the Company announces a Change of Control Event has occurred or is likely to occur, all granted Performance Rights which have not yet vested or lapsed shall automatically and immediately vest, regardless of whether any Performance Criteria or Vesting Conditions have been satisfied.

As detailed above, Directors are entitled to participate in the Employee Incentive Plan.

As at the Prospectus Date, the Performance Rights held by Mr Ilario Faenza and Mr Blair Vega Norfolk are issued under the Employee Incentive Plan. These Performance Rights automatically convert into Shares on IPO Completion on a 1:1 basis.

Following the Listing Date, any issue of Options or Performance Rights to a Director under an incentive plan will require prior shareholder approval under ASX Listing Rule 10.14. As at the Prospectus Date, no Shares, Options or Performance Rights (other than those already on issue) are proposed to be issued to any Director under the Employee Incentive Plan.

13.6 IMPLICATIONS ON CONTROL

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in voting shares if, because of that acquisition, a person's voting power in the company:

- increases from under 20% to over 20%; or
- increases from a starting point that is over 20% and below 90%.

No New Shares will be issued to an Applicant if the issue would contravene the takeover prohibition in Section 606 of the Corporations Act.

13.7 LITIGATION

As at the Prospectus Date, no members of the Biome Australia Group are involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Biome Australia Group.

13.8 ESCROW

Biome Australia has a number of Shares and Options (Existing Options and Lead Manager Options) in which the holders will be restricted from dealing. These restrictions are either imposed by the ASX or have been agreed to voluntarily.

In respect to ASX imposed restrictions, the ASX Listing Rules require that certain persons such as seed capitalists and related parties enter into restriction agreements under which they are restricted from dealing in a specified number of Shares or Options in Biome Australia held by them, including all of their Shares, for up to 24 months from the date of Quotation of those Shares.

The restriction agreements or restriction notice will be in the form required by the ASX Listing Rules over a number of Shares and/or Options and a period determined by the ASX and will restrict the ability of those persons to dispose of, create any security interest in or transfer effective ownership or control of the Shares or Options. In respect to voluntary restrictions, a number of entities have also agreed to voluntary restrictions for a specific period of time.

The table below sets out the periods during which the Existing Shareholders will be restricted from dealing in their Shares pursuant to ASX restrictions and voluntary restrictions. The percentages are provided assuming the Offer is completed.

Restricted shareholders	Escrow Period					
	ASX restriction				Voluntary restriction	
	24 months commencing from date of Quotation	%[1]	12 months commencing from date of issue	%[1]	6 months commencing from date of Quotation	%[1]
Escrowed Shares	39,359,534	19.7%	9,128,993	4.6%	47,470,727	23.7%

Notes: 1. The percentage shown is of total Shares on IPO Completion

Restricted option holders	Escrow Period		
	ASX restriction		Voluntary restriction
	24 months commencing from date of Quotation	12 months commencing from date of issue	6 months commencing from date of Quotation
Escrowed Existing Options	139,057	Nil	Nil
Escrowed Lead Manager Options	4,262,808	Nil	Nil

If a restricted Option holder exercises their Options while they are subject to mandatory ASX-imposed escrow, they will enter into a restriction agreement in relation to Shares issued on exercise of those Options for the remainder of the Escrow Period.

Subject to the ASX Listing Rules and, in the case of mandatory ASX-imposed escrow, ASX's consent, the escrow arrangements do not preclude a holder of Escrowed Securities from transferring their securities in certain circumstances, including pursuant to a transaction which results in an individual or entity acquiring more than 50% of the total fair market value of voting power of Biome Australia's Shares, provided that the holders of at least 50% of Biome Australia's Shares that are not subject to escrow arrangements have accepted the Offer.

Moreover, key management personnel, officers or Directors of Biome Australia, employees, and certain others, and their family and associates will be restricted from dealing in Shares in accordance with Biome Australia's Trading Policy. Biome Australia's Trading Policy can be found on the Company's website.

13.9 CONSENTS

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriter, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be held responsible for certain statements contained in it.

Each of the parties referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- to the maximum extent permitted by law, each of the parties named in this Section:
  - states that it has not authorised or caused the issue of this Prospectus;
  - is not taken to have made, or purported to have made, any representation or warranty in relation to any member of the Biome Australia Group either express or implied or any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
  - expressly disclaims and takes no responsibility for any part of this Prospectus other than as referred to in this Prospectus as having been made by that party.

Capacity in relation to Biome Australia	Consenting party
Lead Manager to the Offer	Canaccord Genuity (Australia) Limited
Australian Legal Advisor for the Offer	Thomson Geer
Investigating Accountant and inclusion of its Independent Limited Assurance Report in Section 8	Moore Australia (Vic) Pty Ltd
Auditor	JTP Assurance
Provider of financial and tax due diligence and inclusion of its tax summary in Section 12	Moore Australia (Vic) Pty Ltd
Share Registry	Automic Pty Ltd
Intellectual property advisor that prepared the Intellectual Property Report on Trade Marks in Section 10	Mills Oakley
Regulatory advisor (Australia)	Clayton Utz
Regulatory advisor (New Zealand)	Simpson Grierson
Regulatory advisor (United Kingdom)	Arnold & Porter

13.10 EXPENSES OF THE OFFER

The total cash expenses of the Offer (excluding recoverable GST) are estimated to be approximately $1.0 million and are expected to be applied towards the items set out in the table below:

Item of Expenditure	($)
ASIC fees	$3,206
ASX fees	$109,757
Lead Manager Fees[1]	$540,000
Legal Fees	$150,000
Author of Intellectual Property Report on Trade Marks Fees	$1,069
Regulatory Advisory Fees	$63,000
Investigating Accountant's Fees	$47,000
Printing and Distribution	$38,000
Miscellaneous[2]	$36,000
TOTAL	**$988,032**

Notes:

1. The Lead Manager is also being issued the Lead Manager Options. Refer to Section 13.3 for details.
2. This includes Share Registry costs, marketing and roadshow costs.

13.11 ASIC RELIEF

Biome Australia has relied on class relief granted by ASIC from section 734(2) of the Corporations Act in ASIC Corporations (Market Research and Roadshows) Instrument 2016/79 to allow companies to conduct limited market research and roadshow presentations in relation to offers which require a disclosure document.

In September 2021, Biome Australia received ASIC approval for an extension to hold its annual general meeting on a date not later than 31 December 2021. This application was submitted so that all investors under the Offer (who will become Shareholders of Biome Australia) will be able to receive full notice of, and participate at, the 2021 annual general meeting of Biome. Since that date, ASIC released *ASIC Corporations (Extension of Time to Hold AGMs) Instrument 2021/770* which allows all public companies with balance dates between 21 February 2021 and 7 July 2021 an additional two months to hold their annual general meetings. Biome Australia will hold its annual general meeting as soon as practicable within the timeframes afforded by *ASIC Corporations (Extension of Time to Hold AGMs) Instrument 2021/770*.

13.12 ASX WAIVERS AND IN-PRINCIPLE ADVICE

On 3 September 2021, the Company received in-principle advices from the ASX that based solely on the information provided and the facts known as at the time, ASX is not aware of any reasons that would cause Biome Australia not to have a structure and operations suitable for a listed entity for the purposes of ASX Listing Rule 1.1 condition 1 or that would cause ASX to exercise its discretion to refuse admission to the official list under ASX Listing Rule 1.19. The receipt of this advice is not a guarantee that Biome Australia will be admitted to the Official List – it must still meet all of the requirements for admission and quotation set out in Chapters 1 and 2 of the ASX Listing Rules to ASX's satisfaction.

13.13 CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a 'disclosing entity' (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through the ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.14 ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the offer website at https://biomeaustralia.automic.com.au/.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.15 PRIVACY STATEMENT

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the ATO, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry on 1300 244 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:00pm Melbourne time, Monday to Friday (except public holidays).

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

13.16 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in Victoria, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

13.17 SUPPLEMENTARY INFORMATION

A supplementary prospectus will be issued if Biome Australia becomes aware of any of the following between the issue of this Prospectus and the date the Shares are quoted which is materially adverse from the point of view of an investor:

- a material statement in this Prospectus is misleading or deceptive;
- there is a material omission from this Prospectus;
- there has been a significant change affecting a matter included in this Prospectus; or
- a significant new circumstance has arisen and it would have been required to be included in this Prospectus.

13.18 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours free of charge at the registered office of Biome Australia for a period of not less than 12 months from the date of this Prospectus:

- each Director's consent for the lodgement of this Prospectus;
- the Constitution; and
- the consents referred to in Section 13.9 of this Prospectus.

14. Directors' authorisation

The Directors state that they have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in the Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of New Shares pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is authorised by each of the Directors of Biome Australia, pursuant to a resolution of the Board.

Signed for and on behalf of:

Biome Australia Limited



Blair Vega Norfolk
Managing Director

For and on behalf of Biome Australia Limited

15. Corporate Directory

Directors

Blair Vega Norfolk – *Executive Director*

Ilario Faenza – *Non-executive Director*

Dominique Fisher – *Non-executive Director*

Registered Office

Biome Australia Limited

16 Dover Street,
Cremorne Victoria 3121

Telephone: + 61 3 9017 5800

Email: activatedcorporate@activated.co

Website: www.biomeaustralia.com

Company Secretary

George Lazarou

Proposed ASX Code

BIO

Share Registry

Automic Pty Ltd

Level 5,126 Phillip Street
Sydney NSW 2000

Solicitor for the Offer (Australia)

Thomson Geer

Level 28, 1 Eagle Street
Brisbane QLD 4000

Author of the Intellectual Property Report on Trade Marks

Mills Oakley

Level 6, 530 Collins Street
Melbourne VIC 3000

Regulatory Advisor (Australia)

Clayton Utz

Level 15, 1 Bligh Street
Sydney NSW 2000 Australia

Regulatory Advisor (New Zealand)

Simpson Grierson

Level 27, 88 Shortland Street
Auckland,
New Zealand

Regulatory Advisor (United Kingdom)

Arnold & Porter

Tower 42, 25 Old Broad Street
London EC2N 1HQ
United Kingdom

Investigating Accountant

Moore Australia (Vic) Pty Ltd

Level 18, 530 Collins Street
Melbourne VIC 3000

AFSL 247 262

Lead Manager

Canaccord Genuity (Australia) Limited

Level 15, 333 Collins Street
Melbourne VIC 3000

AFSL 234666

Auditor

JTP Assurance

Level 10, 446 Collins Street
Melbourne VIC 3000

16. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

- **$** means an Australian dollar;
- **AAS** means the Australian Accounting Standards;
- **AASB** means the Australian Accounting Standards Board;
- **ACCC** means the Australian Competition and Consumer Commission;
- **API Channel Distribution Agreement** means the trading agreement entered into between API Services Australia Pty Ltd ABN 69 166 626 428 and Biome Australia Trading in or around February 2019;
- **Applicant** means a person who submits an Application Form under the Offer;
- **ASX Application** means the application to the ASX to be made within seven days of the Prospectus Date, for admission to the Official List and quotation of the New Shares on ASX;
- **Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer (including the electronic form) consisting of any of the Chairman's List Offer Application Form, Broker Firm Offer Application Form and Institutional Offer Application Form;
- **ASIC** means Australian Securities and Investments Commission;
- **ASX** means ASX Limited (ABN 98 008 624 691) or the financial market operated by it as the context requires;
- **ASX Listing Rules** means the official listing rules of ASX;
- **ATO** means the Australian Taxation Office;
- **AVS Supply Terms** means the supply terms under which Biome Australia will order goods from Australian Vitamin and Sports Nutrition Pty Ltd;
- **Biome Australia** or **Company** means Biome Australia Limited ACN 627 364 014, the issuer of this Prospectus;
- **Biome Australia IP** means Biome Australia IP Pty Ltd ACN 628 988 278, an entity wholly owned by Biome Australia;
- **Biome Australia Trading** means Biome Australia Trading Pty Ltd ACN 628 988 625, an entity wholly owned by Biome Australia;
- **Biome Australia Group** means each of Biome Australia, Biome Australia Trading and Biome Australia IP;
- **Blooms Terms of Trade Agreement** means the terms of trade agreement entered into between Blooms the Chemist Management Services Pty Ltd ABN 64 003 584 718 and Biome Australia Trading on 11 February 2021;
- **Broker** means an ASX participating organisation selected by the Company to act as a broker to the Offer;
- **Broker Firm Applicants** means Applicants under the Broker Firm Offer;
- **Broker Firm Offer** means the offer of New Shares under this Prospectus to Brokers, or, following lodgement of this Prospectus, to Australian resident investors who are professional or sophisticated investors or retail investors and who have received a firm allocation from their Broker described in Section 7.11;
- **Broker Firm Offer Application Form** means the Application Form in respect of the Broker Firm Offer;
- **Board** means the board of Directors as constituted from time to time;
- **CAGR** means compound annual growth rate;
- **Chairman's List Offer** means the offer described in Section 7.13;
- **Chairman's List Offer Application Form** means the Application Form in respect of the Chairman's List Offer;
- **Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information at page 5 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early);
- **Company** or **Biome Australia** means Biome Australia Limited ACN 627 364 014;
- **Constitution** means the constitution of the Company;
- **Corporations Act** means the Corporations Act 2001 (Cth);
- **Directors** means the directors of the Company at the Prospectus Date;
- **Employee Incentive Plan** means the equity incentive plan for employees of the Company. Refer to Section 13.5 for detail;
- **Escrowed Securities** means the Shares of the Escrowed Shareholders that are subject to the escrow arrangements detailed in Section 13.8;
- **Escrowed Shareholders** means the Shareholders who are subject to the escrow arrangements detailed in Section 13.8;
- **Existing Option** means an existing option to acquire a Share issued on the terms detailed in Section 13.3;
- **Existing Option Holder** means a holder of an Existing Option;
- **Existing Share** means a Share on issue as at the Prospectus Date and 'Existing Shares' means all of them;

- **Existing Shareholders** means the owners of Shares as at the Prospectus Date;
- **Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act;
- **Financial Information** means the Statutory Historical Financial Information and the Pro Forma Historical Financial Information;
- **FY2019** means the 12-month period ended 30 June 2019;
- **FY2020** means the 12-month period ended 30 June 2020;
- **FY2021** means the 12-month period ended 30 June 2021;
- **Greenleaf Supply Agreement** means the distribution agreement entered into between Greenleaf Medical AB company registration number 556816-0443 and Biome Australia on 12 December 2018;
- **Group Company** means each entity within the Biome Australia Group;
- **Holding Statements** means the holding statements to be issued to Successful Applicants as set out in the indicative timetable in the Key Offer Information at page 5 of this Prospectus (subject to the Company reserving the right to vary the Opening Date);
- **IASB** means the International Accounting Standards Board;
- **IFRS** means the International Financial Reporting Standards;
- **Intellectual Property Report on Trade Marks** means the report on trade marks contained in Section 10;
- **Institutional Investors** means an Applicant to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (disregarding section 708AA);
- **Institutional Offer Applicants** means Applicants under the Institutional Offer;
- **Institutional Offer** means the invitation to bid for New Shares made to Institutional Investors under this Prospectus to acquire New Shares as described in Section 7.12;
- **Institutional Offer Application Form** means the Application Form in respect of the Institutional Offer separately provided by the Lead Manager to Institution Investors;
- **Investigating Accountant** means Moore Australia (Vic) Pty Ltd;
- **Independent Limited Assurance Report** means the report on Independent Limited Assurance Report contained in Section 8;
- **IPO Completion** means the date of completion of the:
  - Issue of New Shares to Performance Rights holders on automatic conversion of the Performance Rights; and
  - Issue of New Shares under the Offer;
- **Key Offer Information** means the information at pages 5 and 6 of this Prospectus;
- **Lead Manager** means Canaccord Genuity (Australia) Limited ACN 137 980 520;
- **Lead Manager Options** means the 4,262,808 option to be issued to the Lead Manager on the terms detailed in Section 13.3;
- **Listing** means the admission of the Company to the Official List, quotation of the Shares on the ASX and commencement of unconditional trading of the Shares on the ASX;
- **Listing Date** means the date of Listing;
- **Madrid Protocol** this is the primary international system for facilitating the registration of trademarks in multiple jurisdictions around the world;
- **New Shares** means Shares issued pursuant to the Offer;
- **Option** means an Existing Option and a Lead Manager Option on the terms detailed in Section 13.3;
- **Offer** means the offer of 40 million New Shares under this Prospectus to raise $8 million, comprising the Broker Firm Offer, the Institutional Offer and the Chairman's List Offer;
- **Offer Information Line** means the Biome Australia Offer Information Line on 1300 288 664 (within Australia) +61 2 9698 5414 (from outside Australia);
- **Offer Price** means the price per New Share (being $0.20 per New Share);
- **Official List** means the official list of ASX;
- **Opening Date** means the opening date of the Offer as set out in the indicative timetable in the Key Offer Information at page 5 of this Prospectus (subject to the Company reserving the right to vary the Opening Date);
- **Performance Rights** means a right to acquire a Share issued on the terms detailed in Section 13.4. The Performance Rights automatically convert into Shares on IPO Completion;
- **Performance Rights Holders** means a holder of a Performance Right;
- **Probi Supply Agreement** means the development, license and supply agreement entered into between Probi Aktiebolag company

registration number 556417-7540 and Biome Australia on 1 March 2019;

- **Probiotical Supply Agreement** means the distribution agreement entered into between PROBIOTICAL S.p.A. VATIN 01092820032 and Biome Australia on 3 August 2021;
- **Pro Forma Historical Financial Information** has the meaning provided in Section 4.1;
- **Prospectus** means this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document;
- **Prospectus Date** means the date of this Prospectus detailed under 'Important Information' on page 3;
- **Quotation** means official quotation by ASX in accordance with the ASX Listing Rules;
- **Section** means a section of this Prospectus;
- **Share** means a fully paid ordinary share in the capital of the Company;
- **Share Registry** means Automic Pty Ltd;
- **Shareholder** means a holder of Shares;
- **Statutory Historical Financial Information** has the meaning provided in Section 4.1;
- **Subscription Amount** means the amount of the Offer, namely 40 million New Shares under this Prospectus to raise $8 million;
- **Substantial Shareholder** means a Shareholder with a 'substantial holding' in the Company as defined in the Corporations Act;
- **Successful Applicants** means Applicants who are issued New Shares under the Offer;
- **Subsidiaries** has the meaning given in the Corporations Act;
- **Symbion Channel Distribution Agreement** means the wholesale ranging & distribution agreement entered into between Symbion Pty Ltd ABN 25 000 875 034 and Biome Australia Trading on 20 February 2019;
- **TW&CM Terms of Tradde Agreement** means the terms of trade agreement entered into between TW&CM Pty Ltd ACN 136 833 620 and Biome Australia Trading on 23 August 2021;
- **TGA** means the Australian Therapeutic Goods Administration;
- **U.S. Person** has the meaning given to that term in Rule 902(k) under the US Securities Act; and
- **US Securities Act** means the US Securities Act of 1933 (as amended).

(a) Principles of consolidation

The consolidated financial information include the financial position and performance of the Company and its controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

(b) Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Revenue is recorded net of returns, rebates and discounts.

Research and development tax incentive grants/Export Market Development Grants

Research and Development tax incentive grants and Export Market Development Grants are recognised when they are probable of recovery and the amounts can be reliably measured, which presently is in the year when the claim is received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation legislation

The Company and Controlled Entities and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Company in proportion to their contribution to the Company's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company,, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	50%
Motor Vehicles	25%
Leasehold improvements	30%
Medical and diagnostic equipment	50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

Hedge accounting

The Company does not enter into foreign exchange contracts.

Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash- generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash- generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(j) Intangibles

Trademarks/ Business and Domain Names

Acquired trademarks/business and domain names are initially recognised at cost of acquisition. They are amortised over a useful life of 20 years and are tested annually for impairment and carried at cost less any impairment losses. Costs relating to registering and/or renewal of trademarks/business and domain names are expensed as incurred.

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(l) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Share-based payments

The Company operates equity-settled share-based payment share and option schemes. The fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is

ascertained as the market bid price. The fair value of options is ascertained using an industry standard pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Company revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(n) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(o) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards.

(p) Reclassification of comparatives

Comparative balances have been remapped or reclassified where relevant to aid understandability. The net prior year result or position of the Company has not changed as a result of these adjustments.



Biome Australia Limited
Creators and distributors of Activated Probiotics®, Activated Nutrients® and Activated x Performance™.

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