



# APPENDIX 4E

for the Year Ended 30 June 2024

**BIOXYNE LIMITED**  
ABN 97 084 464 193



## BIOXYNE LIMITED

ABN 97 084 464 193

The Companies Announcements Office  
The Australian Stock Exchange Limited  
SYDNEY

Date: 30 August 2024

### APPENDIX 4E

The results for announcement to the market are as follows:-

1. The reporting period is twelve months to 30 June 2024. The previous reporting period was twelve months to 30 June 2023.
2. Key information relating to the above reporting periods is as follows:-

	30 June 2024	30 June 2023	% change
	\$	\$	
Revenue from ordinary activities	9,655,752	5,344,559	Up +80%
Loss from ordinary activities after tax attributable to members	(13,325,050)*	(1,939,970)*	Down -686%
Net loss attributable to members	(13,332,966)	(1,929,592)	Down -690%
Proposed dividend	-	-	
Net tangible assets per issued security (cents)	0.15	0.18	Down -16.7%

\*Refer to Commentary for underlying operating loss for the year

- 3 to 6. See attached financials.
7. No dividends have been paid or are proposed.
8. There is no dividend reinvestment plan.
9. Net tangible assets per security \$0.0015 (2023: (\$0.0018)).
10. *Acquisition or disposal of any entities occurring during the financial year.*

Always Pure Organics AG (Switzerland) (APO AG) and Always Pure Organics Japan KK (APO Japan) were liquidated during the year with the APO AG business being absorbed into Always Pure Organics EU and the APO Japan business being absorbed into Mirai Solution Co KK, Japan.

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

Included in this document.

12. The Company is not a foreign entity.

13. *Commentary on the results*

See commentary and the attached financials.

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



## **COMMENTARY ON RESULTS FOR THE YEAR**

### **REVENUE**

Product sales in 2024 were \$9,325,020 (2023: \$5,160,538 which represents one years' sales from Breathe Life Sciences (BLS) and one months' sales (following date of acquisition) of BXN). On a like for like basis product revenue showed a 25% increase over 2023 product sales of \$7,471,767. This increase was largely attributable to medicinal cannabis sales in Australia following the award of a Good Manufacturing Practice (GMP) licence by the Therapeutic Goods Administration (TGA) in February 2024.

BXN's wholesale sales business of its proprietary probiotic *Lactobacillus Fermentum PCC*<sup>®</sup> increased by 50% over the previous year at \$0.9 million (2023: \$0.6 million).

### **RESULT**

The underlying operating loss for the year was \$1,406,641 (adjusted for a goodwill write off of \$11,568,010 and a discontinued operations loss of \$526,072).

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Underlying operating loss for the year	(1,406,641)	(1,964,443)
Add: non-cash impairment of goodwill	(11,568,010)	-
discontinued direct sales business	(526,072)	-
Loss for the year	<u>(13,500,723)</u>	<u>(1,964,443)</u>

The net loss after tax for the year was \$13,500,723 (2023: loss \$1,964,443 representing the results of BLS for twelve months and BXN for one month).

The 2024 result includes a non-cash write down of the goodwill on the reverse acquisition of Breathe Life Sciences and Bioxyne in May 2023 in the amount of \$11,568,010 and a loss of \$526,072 in the discontinued direct sales business. This leaves a trading loss of \$1,406,641 in the continuing business which is now gaining momentum following the investment in time and resources in achieving GMP accreditation in February 2024.

### **BALANCE SHEET**

The net assets of the group decreased to \$3,299,556 (2023: \$15,006,135), reflecting the goodwill write off of \$11,568,010 and the result for the year.

The group cash balance at the end of the year was \$1,027,989 (2023: \$3,845,969).

### **CASHFLOW**

The Group reported an operating cash outflow for the year of \$3,591,301 (2023: \$916,807 being twelve months of BLS and one month of BXN). The current year reflects a significant build up in inventories to meet the growing demand for its medicinal cannabis products.



The Company raised \$1,350,000 from a capital raise late in the year with a further \$100,000 to follow. The Company had \$1,027,989 cash on hand as at 30 June 2024 (2023: \$3,845,969).

## **OUTLOOK**

The Bioxyne group operates in several high growth markets, including psychedelics, medical cannabis, preventative medicine and novel foods with three core areas of business:

1. Pharmaceutical manufacture and wholesale supply (business to business) of novel medicines, cannabis, Psilocybin, and MDMA under BLS, which is licensed by the Therapeutic Goods Administration (TGA), Office of Drug Control (ODC), and Queensland Health.
2. Manufacture and distribution (wholesale, online, and retail) of consumer health and novel food products (cannabidiol and functional mushrooms) under the company's Dr Watson® brand (regulated by FSA, EFSA) in the UK, Europe, and Japan.
3. Wholesale of patented Probiotics for gastrointestinal health and immunity, primarily to the USA.

The BLS business continues to grow organically with pharmaceutical manufacturing and distribution of its cannabis based medical products leading the way. BLS is now Australia's leading manufacturer of prescription cannabis pastilles, and a market leader in the manufacture of THC flower medicines.

The award of a GMP licence in February 2024 and the manufacture of the first batch of pharmaceutical cannabis pastilles (gummies and other edible medicines) early in the new financial year have established a firm foundation for further growth in the year ahead. On 21 August 2024, the Company announced entering into a manufacture and supply agreement with one of Australia's major medicinal cannabis companies to supply THC and CBD medical pastilles (Gummies). Forecast revenue from this agreement over 24 months is approximately \$28m.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
<b>Revenue from continuing operations</b>			
Sale of goods	3	9,325,020	5,160,538
Other income	4	334,097	184,021
<b>Cost of goods sold</b>		<b>(5,927,098)</b>	<b>(3,735,570)</b>
<b>Expenses</b>			
Research and development		(717,596)	-
Personnel costs		(1,485,171)	(858,816)
Marketing		(413,879)	(189,910)
Professional fees		(1,033,901)	(974,742)
Compliance costs		(208,335)	(72,041)
Non-executive director fees		(153,095)	(25,568)
General and administration		(833,214)	(659,615)
Borrowing costs		(42,044)	-
Provision for doubtful debts		(112,694)	-
Impairment of intangibles		(11,568,010)	(96,312)
Share based payments	25	(138,731)	(696,428)
Loss before income tax		<b>(12,974,651)</b>	<b>(1,964,443)</b>
Income tax		-	-
<b>Loss from continuing operations</b>		<b>(12,974,651)</b>	<b>(1,964,443)</b>
Loss from discontinued operation (attributable to equity holders of the Company)	5	<b>(526,072)</b>	-
<b>Loss for the year</b>		<b>(13,500,723)</b>	<b>(1,964,443)</b>
Other comprehensive income			
<i>Items that will be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(7,916)</b>	<b>10,378</b>
Other comprehensive income, net of tax		(7,916)	10,378
<b>Total comprehensive loss for the year, net of tax</b>		<b>(13,508,639)</b>	<b>(1,954,065)</b>
<i>Loss for the year is attributable to:</i>			
Members of the parent entity		(13,325,050)	(1,939,970)
Non-controlling interests		(175,673)	(24,473)
		<b>(13,500,723)</b>	<b>(1,964,443)</b>
<i>Total comprehensive loss for the year is attributable to:</i>			
Members of the parent entity		(13,332,966)	(1,929,592)
Non-controlling interests		(175,673)	(24,473)
		<b>(13,508,639)</b>	<b>(1,954,065)</b>
<b>Earnings per share</b>			
<i>From continuing operations</i>		<b>Cents</b>	<b>Cents</b>
- Basic loss per share	24	0.70	0.15
- Diluted loss per share	24	0.70	0.15

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

## Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,027,989	3,845,969
Trade receivables	6	978,443	826,477
Current tax receivables	7	544,604	109,861
Other current assets	8	892,126	262,976
Inventories	9	2,141,923	994,806
<b>Total Current Assets</b>		<b>5,585,085</b>	<b>6,040,089</b>
<b>Non-Current Assets</b>			
Financial assets	29	-	-
Intangible assets	10	288,476	11,568,010
Plant and equipment	11	169,104	85,024
Right to use assets	12	654,969	-
<b>Total Non-Current Assets</b>		<b>1,112,549</b>	<b>11,653,034</b>
<b>Total Assets</b>		<b>6,697,634</b>	<b>17,693,123</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	2,654,871	2,621,887
Lease liability		182,996	-
Provisions	14	69,484	65,101
<b>Total Current Liabilities</b>		<b>2,907,351</b>	<b>2,686,988</b>
<b>Non-current liabilities</b>			
Lease liability		490,727	-
<b>Total Non-Current Liabilities</b>		<b>490,727</b>	<b>-</b>
<b>Total Liabilities</b>		<b>3,398,078</b>	<b>2,686,988</b>
<b>Net Assets</b>		<b>3,299,556</b>	<b>15,006,135</b>
<b>EQUITY</b>			
Contributed equity	15	18,997,751	17,547,751
Reserves	16	203,944	73,129
Accumulated losses		(15,595,471)	(2,483,750)
Capital and reserves attributable to owners of Bioxyne Limited		3,806,224	15,137,130
Non-controlling interests	17	(306,668)	(130,995)
<b>Equity</b>		<b>3,299,556</b>	<b>15,006,135</b>

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



## Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Contributed equity \$	Accumulated losses \$	Reserve \$	Non- controlling Interests \$	Total \$
<b>2024</b>					
At 30 June 2023	17,547,751	(2,483,750)	73,129	(130,995)	15,006,135
Loss for the year	-	(13,325,050)		(175,673)	(13,500,723)
Other comprehensive income/(loss) for the year					
Exchange differences on translation of foreign operations	-	-	(7,916)	-	(7,916)
Total comprehensive income	-	(13,325,050)	(7,916)	(175,673)	(13,508,639)
Disposal of subsidiary	-	213,329	-	-	213,329
Issue of shares (Note 15)	1,450,000	-	-	-	1,450,000
Share based payments	-	-	138,731	-	138,731
<b>Balance 30 June 2024</b>	<b>18,997,751</b>	<b>(15,595,471)</b>	<b>203,944</b>	<b>(306,668)</b>	<b>3,299,556</b>
<b>2023</b>					
At 30 June 2022	128,935	(543,780)	50,001	-	(364,844)
Loss for the year	-	(1,939,970)	-	(24,473)	(1,964,443)
Other comprehensive income/(loss) for the year					
Exchange differences on translation of foreign operations	-	-	10,378	-	10,378
Total comprehensive income	-	(1,939,970)	10,378	(24,473)	(1,954,065)
Issue of shares on business combination (Note 15)	15,309,844	-	-	-	15,309,844
Issue of shares	2,056,414	-	-	-	2,056,414
Minority interest on business combination	-	-	-	(106,522)	(106,522)
Transfer from share-based payment reserve	52,558	-	(52,558)	-	-
Share based payments	-	-	65,308	-	65,308
<b>Balance 30 June 2023</b>	<b>17,547,751</b>	<b>(2,483,750)</b>	<b>73,129</b>	<b>(130,995)</b>	<b>15,006,135</b>

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

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

		<b>2024</b>	<b>2023</b>
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Receipts of other income (inclusive of goods and services tax)		9,840,845	5,377,880
Payments to suppliers and employees (inclusive of goods and services tax)		(13,432,146)	(6,294,687)
		<b>(3,591,301)</b>	<b>(916,807)</b>
Research and development tax rebate		-	73,991
Interest paid		(34,102)	-
Interest received		31,347	1,532
<b>Net cash outflow from operating activities</b>	19	<b>(3,594,056)</b>	<b>(841,284)</b>
<b>Cash flow from investing activities</b>			
Payment for plant and equipment		(178,473)	(56,638)
Capitalised development costs		(314,185)	-
Cash held by subsidiary on acquisition		-	4,020,823
<b>Net cash inflow from investing activities</b>		<b>(492,658)</b>	<b>3,964,185</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues		1,350,000	582,135
Loan from shareholder		-	365,034
Principal element of lease payments		(105,837)	-
<b>Net cash inflow from financing activities</b>		<b>1,244,163</b>	<b>947,169</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,842,551)</b>	<b>3,778,328</b>
Cash and cash equivalents at the beginning of the financial year		3,845,969	65,932
Foreign exchange adjustment to cash balance		24,571	1,709
<b>Cash and cash equivalents at end of the year</b>		<b>1,027,989</b>	<b>3,845,969</b>

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



## Consolidated Statement of Cash Flow

For the year ended 30 June 2024

### 1. BIOXYNE LIMITED AND CONTROLLED ENTITIES - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

#### (a) Basis of preparation

##### *Corporate information*

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

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the *Corporations Act 2001* as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

##### *Corporate Head Office and Principal Place of Business*

Suite 506, Level 5 50 Clarence Street Sydney NSW 2000

##### *Business combination*

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

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

##### **(b) Going concern**

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred losses of \$13,500,723 (including a non-cash impairment of \$11,568,010) had net cash outflows from operating activities of \$3,591,301 and net cash outflows from investing activities of \$492,658, for the year ended 30 June 2024.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company had \$1,027,989 in cash on hand at 30 June 2024;
- The Company has net working capital, in addition to cash, of \$1,649,745 at 30 June 2024;
- The Company has demonstrated an ability to raise capital and has the ability to raise capital if required in the future; and
- The Company has the ability to slow activity and/or reduce costs should this be required.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Company not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Company be unsuccessful with the initiatives detailed above then, there is a material uncertainty that may cast significant doubt as to whether the Company may in the future be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

##### **(c) Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 28.

##### **(d) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bioxyne Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Bioxyne Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### **(e) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

#### **(f) Foreign currency translation**

##### *(i) Functional and presentation currency*

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

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

##### (ii) *Transactions and balances*

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

##### **(g) Revenue recognition**

###### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods to a customer. The consolidated entity recognises revenue when the goods are shipped.

###### *Sale of goods*

Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

###### *Interest income*

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

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

###### *Research and Development Tax Incentive*

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

##### **(h) Income tax**

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

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

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

##### (i) Fair value of assets and liabilities

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

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this

information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### (j) Leases

###### *Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

###### *Lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

##### (k) Impairment of assets

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### (l) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for credit losses.

##### (m) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

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

##### (n) Employee benefits

###### (i) Wages and salaries and annual leave

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

###### (ii) Retirement benefit obligations

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### (iii) *Share - based payments*

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

The fair value at grant date is independently determined using a Monte Carlo Simulation Methodology and Black-Scholes Option Pricing Methodology that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right.

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

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

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

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

##### (o) **Contributed equity**

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

##### (p) **Plant and equipment**

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

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



## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### *Depreciation*

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

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

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

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

##### **(q) Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

##### *Goodwill*

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

##### **(r) Research and development**

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

##### **(s) New and revised accounting requirements applicable to the current reporting period.**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## Notes to the Financial Statements

### For the year ended 30 June 2024

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### (i) *Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(t). The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell. As stated in Note 12, on 19 May 2023 Bioxyne Limited completed a transaction with Breathe Life Sciences Pty Limited. The acquisition was treated as a reverse acquisition and the fair value of the consideration transferred has been determined by reference to the fair value of the issued shares of Bioxyne Limited immediately prior to the business combination. For the year ended 30 June 2023, given the proximity of the transaction to that balance date, and the fact that the transaction was carried out at arms length, the goodwill was considered to be carried at its fair value less costs to sell.

Given the loss incurred for the year ended 30 June 2024, an indicator of impairment existed, and the Directors determined that the goodwill should be written off in this year.

### (ii) *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. As stated in Note 5, the Group has significant estimated tax losses for which no deferred tax asset has been raised. The ability to retain these losses is dependent on the Group satisfying the requirements of the local tax statute. Management has satisfied themselves as to the availability of these tax losses. They have however elected not to raise any deferred tax assets on estimated tax losses until there is more certainty around the company's ability to generate sustainable taxable profits to as to enable to company to utilise the tax losses.

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

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The deferred consideration also includes an obligation to pay royalties, which is agreed to be 6.5% of the gross revenue received by the company, MHL or related entities in respect to the sale of the sublicensing or Intellectual property rights, including any sale proceeds or Sub-Royalties. To the extent that products are manufactured based on the intellectual property, royalties are calculated as 2% of Gross revenue. Management have exercised their judgement in determining that this investment continues to be impaired with no expectation of being able to realise any value for the investment.

	2024	2023
	\$	\$
<b>3 REVENUE FROM CONTINUING OPERATIONS</b>		
Revenue from continuing operations		
<i>Revenue from contracts with customers and disaggregation</i>		
Sales of PCC® to USA <sup>1</sup>	886,906	42,555
Wholesale sales nutritional supplements to Asia <sup>1</sup>	-	2,667
	<u>889,906</u>	<u>45,222</u>
<i>Sale of goods</i>		
Plant based product wholesale sales, Australia, United Kingdom, Europe and Japan	8,438,114	5,115,316
Total revenue from continuing operations	<u>9,325,020</u>	<u>5,160,538</u>

<sup>1</sup>For 2023 these results are for post-acquisition date of 19 May 2023

#### *Timing of revenue recognition*

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

#### *Geographic regions*

See note 23.

#### 4 OTHER INCOME

	2024	2023
	\$	\$
Research and development tax offset	310,637	73,991
Interest received	16,607	2,572
Income from royalties	6,853	70,392
Foreign exchange gain	-	37,066
	<u><b>334,097</b></u>	<u><b>184,021</b></u>

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 5 DISCONTINUED OPERATIONS

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Sale of goods	104,691	1,017,163
Other income	10,129	62,871
Cost of goods sold	(90,320)	(741,017)
<i>Expenses</i>		
Personnel costs	(193,150)	(224,855)
Business development	(10,038)	(128,617)
General and administration	(143,505)	(238,334)
Inventory impairment	(168,318)	(183,772)
Loss on sale of assets	(35,561)	-
Loss before income tax expense	(526,072)	(436,561)
Income tax expense	-	-
Loss after income tax expense from discontinued expenses	(526,072)	(436,561)
<i>Cash flow information</i>		
Net cash from operating activities	(260,514)	20,033
Net cash used in investing activities	-	-
Net cash flow from financing	(582,786)	(200,061)
Net decrease in cash and cash equivalents from discontinued operations	(843,300)	(180,028)

The discontinued operation relates to the direct selling business. The figures for the 2023 year above are for the year ended 30 June 2023, however under the RTO accounting in 2023 were only included in that years results for one month.

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Carrying amounts of assets and liabilities on discontinued business</i>		
<i>Current assets</i>		
Cash and cash equivalents	50,185	-
Other receivables	15,658	-
	65,843	-
<i>Current liabilities</i>		
Trade and other payables	21,748	-
Intergroup balance payable	874,762	-
	896,510	-
Net liabilities	(830,667)	-

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 6 TRADE RECEIVABLES

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	1,091,136	902,239
Less: Allowance for expected credit losses	(112,693)	(75,762)
	<b>978,443</b>	<b>826,477</b>

	Expected credit loss rate		Carrying Amount	
	2024	%	2024	2023
			\$	\$
Not overdue	-	-	-	-
0 - 2 months overdue	-	45%	-	25,158
2 months or more overdue	100%	100%	112,693	50,604
			<b>112,693</b>	<b>75,762</b>

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

#### 7 CURRENT ASSETS - CURRENT TAX RECEIVABLES

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Research and development tax offset	419,145	-
Withholding tax	-	652
GST receivable	125,459	109,209
	<b>544,604</b>	<b>109,861</b>

#### 8 CURRENT ASSETS - OTHER CURRENT ASSETS

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Other debtors	132,378	11,670
Royalty receivable	-	59,824
Prepayments	759,748	191,482
	<b>892,126</b>	<b>262,976</b>

#### 9 CURRENT ASSETS - INVENTORIES

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Raw materials	1,339,170	712,818
Work in progress	98,071	-
Finished goods	704,682	281,988
	<b>2,141,923</b>	<b>994,806</b>

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 10 INTANGIBLE ASSETS

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Goodwill	11,568,010	11,568,010
Provision for impairment <sup>1</sup>	(11,568,010)	-
Capitalised development costs	514,185	-
Less related research and development tax offset claim	(200,000)	-
Less amortisation	(25,709)	-
	288,476	11,568,010

<sup>1</sup>On 19 May 2023, Bioxyne Limited acquired Breathe Life Sciences Pty Ltd. The acquisition was treated as a reverse acquisition as per AASB3 Business Combinations.

At the time of the acquisition of BLS, the implied value of goodwill attributable to Bioxyne under reverse acquisition accounting was \$11,568,010. The performance of the original Bioxyne business post-acquisition as outlined in the operations report provided an indicator of impairment, and a determination by the Company has resulted in a provision for full impairment of goodwill as at 30 June 2024.

Accordingly, during the year ended 30 June 2024, \$11,568,010 (2022: Nil) was recognised as a provision for impairment of goodwill.

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 11 PLANT AND EQUIPMENT

	Plant and equipment	Leasehold improvements	Total
<b>Cost</b>			
Opening balance, 1 July 2023	185,941	24,024	209,965
Additions	178,473	-	178,473
Disposals	(39,605)	(24,024)	(63,629)
Foreign exchange adjustment	(1,583)	-	(1,583)
Closing balance, 30 June 2024	323,226	-	323,226
Opening balance, 1 July 2022	78,641	-	78,641
Additions	71,658	-	71,658
Acquired in business combination	38,470	23,787	62,257
Disposals	-	-	-
Foreign exchange adjustment	(2,828)	237	(2,591)
Closing balance, 30 June 2023	185,941	24,024	209,965
<b>Depreciation</b>			
Opening balance, 1 July 2023	(123,472)	(1,469)	(124,941)
Depreciation	(46,009)	(4,558)	(50,567)
Disposals	11,240	6,027	17,267
Foreign exchange adjustment	4,119	-	4,119
Closing balance, 30 June 2024	(154,122)	-	(154,122)
Opening balance, 1 July 2022	(35,623)	-	(35,623)
Depreciation	(85,122)	(1,469)	(86,591)
Disposals	-	-	-
Foreign exchange adjustment	(2,727)	-	(2,727)
Closing balance, 30 June 2023	(123,472)	(1,469)	(124,941)
Written down value 30 June 2023	62,469	22,555	85,024
<b>Written down value 30 June 2024</b>	<b>169,104</b>	<b>-</b>	<b>169,104</b>

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 12 RIGHT-TO-USE ASSETS

	2024 \$	2023 \$
<b>Lease assets</b>		
Carrying amount of lease assets, by class of underlying asset:		
Buildings under lease arrangements		
At cost	838,803	-
Accumulated depreciation	(183,834)	-
Total lease assets	<u>654,969</u>	<u>-</u>
<b>Lease liabilities</b>		
Current	182,996	-
Non-current	490,727	-
	<u>673,723</u>	<u>-</u>
		<b>Buildings \$</b>
Carrying amount as at 1 July 2023		-
Additions		838,803
Depreciation		(183,834)
Carrying amount as at 30 June 2024		<u>654,969</u>

#### Income, expense and cash flows from lease assets and lease liabilities

The following amounts of income, expense and cash flows were recognised from lease assets and lease liabilities during the year:

	2024 \$	2023 \$
Interest expense on lease liabilities	34,102	-
Depreciation expense on lease assets	183,834	-
Total cash outflow relating to leases	<u>217,936</u>	<u>-</u>

#### 13 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2024 \$	2023 \$
Trade creditors	1,192,864	1,205,254
Accrued Expenses	818,019	612,198
Loan payables	36,699	558,610
GST/VAT payable	55,293	77,179
Customer deposits	373,503	-
Other payables	178,493	168,646
	<u>2,654,871</u>	<u>2,621,887</u>



## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 14 CURRENT LIABILITIES - PROVISIONS

	2024	2023
	\$	\$
Provision for annual leave, opening balance	65,101	-
Provided during the year	4,383	42,588
On acquisition of subsidiary	-	22,513
Provision for annual leave, closing balance	<b>69,484</b>	<b>65,101</b>

#### 15 CONTRIBUTED EQUITY

##### (a) Share capital

	2024	2024	2023	2023
	Shares	\$	Shares	\$
Ordinary Shares Fully Paid	2,046,645,398	18,997,751	1,901,645,398	17,547,751

##### (b) Movements in ordinary share capital

	Number of Shares	\$
Opening balance 1 July 2022	129,351,020	128,935
Shares issued on exercise of rights by vendors of APO Group	14,700,000	52,573
Shares issued for cash	6,246,138	582,135
Shares issued to employees for services rendered	3,675,000	345,020
Shares issued on conversion of loan	16,203,682	693,144
Shares issued to consultants for services rendered	15,500,000	286,100
Reversal of existing BLS shares	(185,675,840)	-
Existing BXN shares in issue	665,645,398	-
Issue of BXN shares on acquisition of BLS	1,230,000,000	15,309,844
Issue of shares in lieu of salary	6,000,000	150,000
Balance as at 30 June 2023	1,901,645,398	17,547,751
Share placement	145,000,000	1,450,000
Balance as at 30 June 2024	<b>2,046,645,398</b>	<b>18,997,751</b>

##### (c) Ordinary shares

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

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

##### (d) Options

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 15 CONTRIBUTED EQUITY (CONTINUED)

##### (e) Performance rights

Shareholders at the General Meeting on 5 May 2023 approved the issue of 26,666,667 performance rights to Mr Samuel Watson (20,000,000 performance rights) and Mr Jason Hine (6,666,667 performance rights). 50% of these options lapsed during the year. The Company issued a further 17,638,890 performance rights to employees during the year

##### (e) Capital risk management

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

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

#### 16 RESERVES AND ACCUMULATED LOSSES

	2024 \$	2023 \$
<b>(a) Reserves</b>		
Foreign currency translation reserve		
Balance 1 July	7,821	(2,557)
Movement in foreign currency translation reserve	(7,916)	10,378
Balance 30 June	<b>(95)</b>	<b>7,821</b>
Share based payment reserve		
Balance 1 July	65,308	52,558
Transfer from share based payment reserve	-	(52,558)
Transfer to share based payment reserve	138,731	65,308
Balance 30 June	<b>204,039</b>	<b>65,308</b>
Total reserves	<b>203,944</b>	<b>73,129</b>

#### 17. NON-CONTROLLING INTEREST

	2024 \$	2023 \$
Issued capital	-	-
Retained profits	(306,668)	(130,995)
	<b>(306,668)</b>	<b>(130,995)</b>

The non-controlling interest has a 49% interest in the direct selling business

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 18 CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Name of Entity <sup>1</sup>	Country of Incorporation	Ownership Interest	Ownership Interest	Income Tax Jurisdiction
		2024 %	2023 %	
Breathe Life Sciences Pty Ltd	Australia	100%	100%	Australia
BLS Wholesalers Pty Ltd	Australia	100%	100%	Australia
BLS Panther Pty Ltd	Australia	100%	-	Australia
Breathe Life Science UK Ltd	United Kingdom	100%	100%	United Kingdom
Always Pure Organics AG	Switzerland	Nil	100%	Switzerland
Always Pure Organics EU	Czech Republic	100%	100%	Czech Republic
Always Pure Organics Japan KK	Japan	100%	100%	Japan
Dr Watson Japan KK	Japan	Nil	100%	Japan
Mirai Solution Co KK	Japan	100%	-	Japan
Global Treasure New Zealand Limited	New Zealand	51	100	New Zealand
New Zealand Nutritional Research Institute Limited	New Zealand	51	100	New Zealand
Bioxyne International Malaysia Sdn Bhd	Malaysia	51	100	Malaysia
Bioxyne International Pty Ltd	Australia	51	100	Australia
P.T. Gamata Utama	Indonesia	51	95	Indonesia
Bioxyne International (NZ) Limited	New Zealand	51	100	New Zealand

<sup>1</sup>All entities are body corporate.

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

	2024 \$	2023 \$
<b>Loss for the year</b>	(13,500,723)	(1,964,443)
Depreciation	234,401	109,643
Amortisation of capitalised costs	33,032	-
Impairment inventory	168,318	-
Impairment of intangibles	11,568,010	87,162
Unrealised foreign exchange gain	-	(2,820)
Share based payment	138,731	696,428
Other non-cash items	89,786	(59,246)
<i>Change in operating assets and liabilities</i>		
Increase in trade and other receivables	(1,215,858)	(595,492)
Increase in inventory	(1,147,117)	(919,255)
Increase in trade and other payables	37,364	1,806,739
<b>Net cash outflow from operating activities</b>	<b>(3,594,056)</b>	<b>(841,284)</b>

Operating cash outflow for discontinued businesses for the year amounted to \$228,912.

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 20 SEGMENT INFORMATION

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

The Bioxyne group operates in several high growth markets, including psychedelics, medical cannabis, preventative medicine and novel foods with three core areas of business/

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

4. Pharmaceutical manufacture and wholesale supply (business to business) of novel medicines, cannabis, Psilocybin, and MDMA under BLS, which is licensed by the Therapeutic Goods Administration (TGA), Office of Drug Control (ODC), and Queensland Health.
5. Manufacture and distribution (wholesale, online, and retail) of consumer health and novel food products (cannabidiol and functional mushrooms) under the company's Dr Watson® brand (regulated by FSA, EFSA) in the UK, Europe, and Japan.
6. Wholesale of patented Probiotics for gastrointestinal health and immunity, primarily to the USA.

Management have determined that it is appropriate to report by sales channel which correspondence with the business divisions outlined above.

In the prior year reporting was by geographical areas as follows:

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

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2024 and 30 June 2023.

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 20 SEGMENT INFORMATION (CONTINUED)

##### 2024

	Wholesale PCC/USA	Plant Based/UK/EU /JPN/AUS	Manufacture /Sales Australia	Unallocated	Total
Sales	886,906	6,179,356	2,258,758	-	9,429,711
Cost of sales	(378,599)	(3,606,896)	(1,941,603)	-	6,017,418
Gross margin	508,307	2,572,460	317,155	-	3,412,292
Other income				334,097	334,097
Overhead expenses	-	(2,753,824)	(414,245)	(13,538,601)	(16,706,670)
Profit/(loss) before tax	508,307	(181,364)	(97,090)	(13,204,504)	(12,974,651)
Taxation	-	-	-	-	-
Profit/(loss) after tax	508,307	(181,364)	(97,090)	(13,204,504)	(12,974,651)
Loss from discontinued operation	-	-	-	(526,072)	(526,072)
Profit/(Loss) for the year	508,307	(181,364)	(97,090)	(13,720,576)	(13,500,723)
Total assets	417,963	3,015,691	65,844	1,843,379	6,897,632
Total liabilities	162,155	797,037	21,748	1,496,748	3,398,077
Cash Balance	-	132,851	340,755	504,198	1,027,989
Trade receivables	417,963	284,727	275,753	(26,941)	978,443
Trade and other payables	162,155	1,039,724	617,955	795,647	2,654,870
Inventories	-	713,363	1,428,560	-	2,141,923

##### 2023

	Wholesale PCC/USA	Plant Based/UK/ EU/JPN	Direct Sales/ASIA	Unallocated	Total
Sales	42,555	5,115,316	2,667	-	5,160,538
Cost of sales	(19,219)	(3,242,113)	(837)	-	(3,262,169)
Gross margin	23,336	1,873,203	1,830	-	1,898,369
Other income	-	-	-	184,021	184,021
Overhead expenses	-	(3,330,623)	-	(679,143)	(4,046,833)
Profit/(loss) before tax	23,336	(1,457,420)	1,830	(532,188)	(1,964,443)
Taxation	-	-	-	-	-
Profit/(loss) after tax	23,336	(1,457,420)	1,830	(532,188)	(1,964,443)
Total assets	238,036	2,119,587	1,151,740	14,183,760	17,693,123
Total liabilities	274,270	1,724,556	71,212	616,952	2,686,990
Cash Balance	-	492,181	898,697	2,455,091	3,845,969
Trade receivables	238,036	588,441	-	-	826,477
Trade and other payables	274,270	1,693,758	43,993	609,866	2,621,887
Inventories	-	842,202	152,604	-	994,806

## Notes to the Financial Statements

### For the year ended 30 June 2024

## 20 SEGMENT INFORMATION (CONTINUED)

### *Identification of reportable segments*

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

### *Segment revenues and results*

Segment revenue reported above represents revenue generated from external customers.

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

## 21 FINANCIAL RISK MANAGEMENT

### (a) Financial risk management

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

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

The Group does not speculate in financial assets.

### *Credit risk*

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

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

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

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

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents (Note 6)	1,027,989	3,845,969
Trade receivables (Note 7)	1,091,136	826,477
	<u>2,119,125</u>	<u>4,672,446</u>

### *Liquidity risk*

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Financial instrument composition and maturity analysis

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

Consolidated Group	Within 1 year		1 to 5 years		Over 5 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	<b>2,654,871</b>	2,621,887	-	-	-	-	<b>2,654,871</b>	2,621,887
Lease liabilities	<b>182,996</b>	-	490,727	-	-	-	<b>673,723</b>	-
<b>Total contractual outflows</b>	<b>2,837,867</b>	2,621,887	<b>490,727</b>	-	-	-	<b>3,328,594</b>	2,621,887
Cash and cash equivalents	<b>1,027,989</b>	3,845,969	-	-	-	-	<b>1,027,989</b>	3,845,969
Trade receivables	<b>978,443</b>	826,477	-	-	-	-	<b>978,443</b>	826,477
<b>Total anticipated inflows</b>	<b>2,006,432</b>	4,672,446	-	-	-	-	<b>2,006,432</b>	4,672,446
<b>Net inflow/(outflow) on financial instruments</b>	<b>(831,435)</b>	2,050,559	<b>(490,727)</b>	-	-	-	<b>(1,322,162)</b>	2,050,559

##### (c) Net fair values

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

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

##### (d) Market risk

###### *Foreign currency risk*

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

## 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Sensitivity analysis

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

Consolidated	Carrying Amount \$	Interest Rate Risk		Interest Rate Risk	
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2024</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	<b>1,027,989</b>	<b>(10,280)</b>	<b>(10,280)</b>	<b>10,280</b>	<b>10,280</b>
<b>2023</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	<b>3,845,969</b>	<b>(38,460)</b>	<b>(38,460)</b>	<b>38,460</b>	<b>38,460</b>

Consolidated A\$ 5% stronger / (weaker)	Carrying amount in original currency \$	Currency Risk		Currency Risk	
		+5%		-5%	
		Profit A\$	Equity A\$	Profit A\$	Equity A\$
<b>2024</b>					
<b>Financial Assets</b>					
Cash in US \$	<b>301,969</b>	-21,708	-21,708	23,993	23,993
Cash in £ Sterling	<b>21,340</b>	-1,938	-1,938	2,142	2,142
Cash in JPY	<b>6,037,221</b>	-2,697	-2,697	2,980	2,980
Cash in Euro	<b>33,815</b>	-2,599	-2,599	2,872	2,872
Cash in IDR	<b>313,194,364</b>	-1,373	-1,373	1,517	1,517
Cash in MYR	<b>24,940</b>	-380	-380	420	420
Cash in NZ\$	<b>20,772</b>	-905	-905	1,001	1,001
Cash in CZK	<b>148,775</b>	-453	-453	501	501
		-32,053	-32,053	35,426	35,426
<b>2023</b>					
<b>Financial Assets</b>					

Cash in US \$	<b>533,226</b>	(38,298)	(38,298)	38,298	38,298
Cash in £ Sterling	<b>55,382</b>	(5,023)	(5,023)	5,023	5,023
Cash in JPY	<b>9,434,758</b>	(4,684)	(4,684)	4,684	4,684
Cash in Euro	<b>170,022</b>	(13,275)	(13,275)	13,275	13,275
Cash in IDR	<b>2,680,795,157</b>	(12,843)	(12,843)	12,843	12,843
Cash in MYR	<b>137,058</b>	(2,104)	(2,104)	2,104	2,104
Cash in NZ\$	<b>636,787</b>	(27,863)	(27,863)	27,863	27,863
		(104,102)	(104,102)	104,102	104,102



## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 22 REMUNERATION OF AUDITORS

##### Audit services

	<b>2024</b>	<b>2023</b>
	\$	\$
Audit of financial reports - RSM Australia Partners	110,000	150,000
Total remuneration for audit services	<b>110,000</b>	<b>150,000</b>

#### 23 COMMITMENTS

##### Capital commitments

As at 30 June 2024, the Company has no capital commitments (2023: \$nil).

#### 24 EARNINGS PER SHARE

	<b>2024</b>	<b>2023</b>
	Cents	Cents
Basic loss per share (cents per share)	0.69	0.15
Diluted loss per share (cents per share)	<b>0.69</b>	<b>0.15</b>
<b>Weighted average number of shares<sup>1</sup></b>		
Basic earnings per share calculation	1,930,248,138	1,344,132,135
Diluted earnings per share calculation	1,930,248,138	1,344,132,135
<b>Loss for the period used in earnings per share</b>	<b>(13,300,723)</b>	<b>(1,964,443)</b>
From continuing operations		

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

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 25 SHARE BASED PAYMENTS

##### Options

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

##### Performance rights

During the year the Company issued 17,638,890 performance rights to employees and consultants, to vest over two years, based on achieving sales milestones for CY2024 and CY2024. The fair value at grant date was determined using the Black-Scholes Option Pricing Methodology that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. The Company recorded an expense for the year in respect of these performance rights in the amount of \$44,097.

	2024 Performance Rights Grants
i. Underlying share price	\$0.01
ii. Exercise price	\$nil
iii. Term	1.78 yrs
iv. Risk-free rate	4.07%
v. Dividend yield	Nil
vi. Volatility (rounded)	100.0%
vii. Performance Period	22/3/2024 to 31/12/25

The Company issued 26,666,667 performance rights during the previous year to two directors of the Company. The Company recorded an expense for the year in respect of these performance rights in the amount of \$94,633 (2023: 65,308). The total value of rights as at grant date amounts to \$428,000, and \$313,857 after taking into account the probability of achievement on the non-market based vesting conditions. This amount will be amortised in accordance with the vesting conditions and term outlined below.

The fair value at grant date has been independently determined by an independent external advisor using a Monte Carlo Simulation Methodology and Black-Scholes Option Pricing Methodology that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. These inputs are as follows:

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

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 25 SHARE BASED PAYMENTS (CONTINUED)

The performance rights have been allocated as follows:

	<b>Samuel Watson</b>	<b>Jason Hine</b>
2023 STI Performance Rights	5,000,000	1,666,667
2023 LTI Performance Rights	5,000,000	1,666,667
2024 LTI Performance Rights	5,000,000	1,666,667
2025 LTI Performance Rights	5,000,000	1,666,667

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

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

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

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

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

The 2023 STI and 2023 LTI hurdles were not achieved and these performance rights, 13,333,334 in total have lapsed.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 26 PARENT ENTITY DISCLOSURES

#### (a) Financial position

	2024 \$	2023 \$
<b>Total Current Assets</b>	<b>408,809</b>	<b>717,973</b>
<b>Total Assets</b>	<b>3,112,385</b>	<b>14,639,447</b>
<b>Total Liabilities</b>	<b>(221,638)</b>	<b>(351,285)</b>
<b>Net Assets/(Liabilities)</b>	<b>3,299,556</b>	<b>15,006,135</b>
<b>EQUITY</b>		
Contributed equity	18,997,751	17,547,752
Reserves	204,039	65,308
Accumulated losses	(15,902,234)	(2,606,925)
<b>Equity</b>	<b>3,299,556</b>	<b>15,006,135</b>

#### (b) Reserves

Option reserve	-	-
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#### (c) Financial performance

	2024 \$	2023 \$
Loss for the year	(13,325,050)	(1,939,970)
Other comprehensive income	-	-
	(13,325,050)	(1,939,970)

#### (d) Commitments

	-	-
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### 27 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel

Refer to the Remuneration Report contained in the Directors Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2024.

The total remuneration paid to key management personnel of the company and the group during the year is as follows:

	2024 \$	2023 \$
Short-term employee benefits	770,000	318,490
Post-employment benefits	24,200	3,837
Share based payments	102,966	435,308
	897,166	757,635

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 27 RELATED PARTY TRANSACTIONS (CONTINUED)

##### (b) Transactions with other related parties

During the year the following transactions were undertaken with related parties on an arms' length basis:

- i. \$19,563 (2023: \$17,850) was paid to NH Chua a director of the Company as rental for the Malaysian office;
- ii. \$4,489 (2023: \$52,843) was paid to Jin Chua (a consultant to the Group and daughter of NH Chua a director of the Company) for consulting services.
- iii. \$132,000 (2023: \$48,500) was paid to Integrated CFO Solutions Pty Ltd, a company controlled by the Company Secretary, for accounting services.

#### 28 EVENTS SUBSEQUENT TO BALANCE DATE

On 21 August 2024, the Company announced entering into a manufacture and supply agreement with one of Australia's major medicinal cannabis companies to supply THC and CBD medical pastilles (Gummies). Forecast revenue from this agreement over 24 months is approximately \$28 million.

Other than the foregoing, no matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

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

#### 29 OTHER FINANCIAL ASSETS

##### Non-current

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Available-for-sale financial assets	325,000	325,000
Less impairment	(325,000)	(325,000)
	<u>-</u>	<u>-</u>