



31 October 2019

## QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

**Bioxyne Limited** (ASX Code: BXN) (Bioxyne or the Company) is pleased to report on its activities for the quarter ended 30 September 2019.

### Results

Sales revenue for Q1 FY2020 was strong at \$929,646 (Q1 FY 2019: \$933,956).

Wholesale sales of *Lactobacillus fermentum* PCC® remain consistent, while direct sales business in Asia is slowly gaining traction.

In October 2019, our Vietnamese distributor successfully appointed a sub-distributor and launched our BK18 and Mymana (with Colostrum) dairy health supplement drink in Phnom Penh, Cambodia.



Images from Phnom Penh, Cambodia Product Launch



The result for the quarter was a loss of \$81,201 (Q1 2019: Loss of \$43,026).

## Commercial and Product Development

The Company has recently completed negotiations and renewed a new exclusive licensing agreement for the Company's patented *Lactobacillus fermentum* PCC® strain of probiotics with Chr Hansen of Denmark. The exclusivity is for global distribution to their customers and markets that are not in Direct Sales and MLM. The agreement provides for escalating minimum annual royalties up to 2023 and constant thereafter. Chr Hansen is undertaking further research and development with their global customers to incorporate PCC® into targeted high growth segments for alternative product development, endorsing its efficacy.

Bioxyne has also recently signed a separate new manufacturing agreement with Chr. Hansen (Denmark), a global leader in the manufacturing of natural food additives and supplement products for the food, health, pharmaceutical and agriculture industries, for the manufacture of the Company's patented *Lactobacillus fermentum* PCC® strain of probiotics for sale and use in Direct Sales and MLM.

The Company is currently undertaking research and development in Australia to include its proprietary patented probiotic *Lactobacillus fermentum* PCC® into its range of dairy formula and health supplements for the Direct Sales market for distribution into Asia.

In clinical trials, *Lactobacillus fermentum* PCC® VRI-003 has demonstrated positive effects on the gastrointestinal and immune systems, including reduced susceptibility to respiratory tract infections, improvement in eczema (atopic dermatitis) symptoms, and boosting of the immune response to the flu vaccine<sup>1</sup>.

## Business development

### Australia

The Company continues to look for acquisition opportunities with direct selling and product synergy that will allow further expansion into Asia. The focus is on sourcing quality Australian and New Zealand products that meet the needs of the Asian markets that we operate in.

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<sup>1</sup> data on file



### *China*

The Company intends to provide its dairy formula-based products through wholesale channels and is working with a potential partner on the product registrations required before this can progress.

### *Vietnam*

The wholesale distributor in this market has recently expanded direct sales activity into Cambodia and Bioxyne products will be introduced to this market in the upcoming quarter. See photos above.

### *Indonesia*

Makassar, located in the Sulawesi province, is our prime sales focus, with membership numbers and sales growing, following the recent opening of a sales office.

### **Corporate**

The Company has a pleasing positive operating cash flow for the quarter of \$458,721.

Cash on hand as at 30 September 2019 amounted to \$2.1 million,

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## About Bioxyne

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

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

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

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

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

## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Bioxyne Limited

**ABN**

97 084 464 193

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

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,260	1,260
1.2 Payments for		
(a) research and development	(60)	(60)
(b) product manufacturing and operating costs	(395)	(395)
(c) advertising and marketing	(11)	(11)
(d) leased assets		
(e) staff costs	(241)	(241)
(f) administration and corporate costs	(99)	(99)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives R&D Tax offset		
1.8 Other (legal fees and settlement)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>459</b>	<b>459</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other		
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	-	
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	-	-

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,769	1,769
4.2 Net cash from / (used in) operating activities (item 1.9 above)	459	459
4.3 Net cash from / (used in) investing activities (item 2.6 above)		
4.4 Net cash from / (used in) financing activities (item 3.10 above)		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(79)	(79)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,149</b>	<b>2,149</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,016	709
5.2	Call deposits	1,133	1,060
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,149</b>	<b>1,769</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

75

Directors salaries and fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	60
9.2 Product manufacturing and operating costs	300
9.3 Advertising and marketing	20
9.4 Leased assets	
9.5 Staff costs	240
9.6 Administration and corporate costs	100
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>720</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of businesses		



