



16 November 2023

Growth of B2B customer base in challenging market conditions

Highlights in the first half of the financial year to 30 September 2023 (1HY24) include growth of Probi royalty payments, private label business in China, and the first license agreement for topical live probiotic serum technology containing BLIS Q24™.

Market conditions have been challenging globally with cost-of-living impacting product demand. We continue to see late commitments to ordering as the customer base closely manages stock holdings and remain conservative in forward ordering.

We are pleased to report revenue for 1HY24 was up 11% to \$4.8m. Key contributors are an increase in Probi royalty revenue from their licensed sales of BLIS K12™ and BLIS M18™, new private label customers in China, and finished product revenue in NZ Pharmacy retail and the Amazon platform. An unaudited loss of \$0.7m compares with a loss of \$1.7m in the same period last year. EBITDA loss for the interim period was \$0.6m, which compares with a \$1.2m loss in the previous period. Net cash flow for the interim period was \$0.4m decrease.

B2B sales

Our business strategy centres on growing and diversifying B2B revenues. B2B revenue grew 9% growth on the previous year period, delivering \$3.1m. Royalty revenue from Probi is in line with expectations and represents a key contributor to our revenue growth in the first half year. We have established two new Chinese customers for private label and see this as an important growth driver in the future. BLIS® ingredient customers continue to closely monitor their stock levels and operate just-in-time ordering.

B2C sales

B2C revenue was \$1.7m, 15% growth on the previous year period. Pharmacy retail in NZ was up 25% influenced by price increases in April, supported by a new dental advertising campaign and Green Cross distribution. eCommerce sales were up 6% with increases from the Amazon platform but offset by soft sales via Daigou given tough market conditions.

Skincare licensing agreement

We are particularly pleased to have completed the first licensing agreement for BLIS Q24® with agreement Emma Lewisham, a fast-growing science-led natural skincare company. The agreement allows for an exclusive license in New Zealand, Australia and the United Kingdom, where Emma Lewisham has developed a strong retail and online presence. The product offer "Supernatural Blemish Serum with live probiotic" launched in October. The first royalty payments associated with this relationship will be recorded in the 2nd half of the financial year.

Private label sales

We have established attractive new relationships for private label supply of finished products in the China market. The product offers are based on the BLIS PROBIOTICS™ NZ finished products and manufactured in Dunedin. Private label is as an important contributor to future growth.

Probi licensing and distribution agreement

Licensing royalties from this relationship in the first half year are in line with expectations and represent new revenue compared with the first half year last year. In August Probi took over distribution for North America and will service the existing customer base established by previous distribution partner Stratum Nutrition. We have now completed two R&D collaborations with Probi which represent early pipeline opportunities for the future.

Research and development

Within our NPD programme we are actively prioritising the ongoing development of patented positions for new symbiotic combinations of BLIS K12™ and BLIS M18™. Development work has identified pre-biotics which have been shown to boost functional activity and deliver additional benefits over the strain alone. Work continues on the live probiotic toothpaste development programme. We have published seven new clinical trials and reviews on BLIS® probiotic strains to further bolsters the evidence base for selling activity.

Outlook

In the face of the challenging global economic environment, there will be continued pressure on growth. We remain optimistic that the B2B strategy will continue to deliver revenue growth, albeit pressure on profitability remains.

We will continue to keep shareholders updated.

Ends

For further information, please contact:

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About Blis Technologies Ltd

Delivering proven health benefits through evidence-based, advanced probiotics

Blis Technologies is an NZX-listed manufacturer of advanced probiotic strains that go beyond the gut. Combining innovation with evidence-based research and the highest quality production controls enables the delivery of probiotic solutions for specific health targets including throat health, halitosis (bad breath), immune support, teeth and gum health and skin health. BLIS® products are sold throughout New Zealand and in Australia, Asia, Europe and the USA. More information about Blis Technologies Ltd can be found at www.blis.co.nz.

Website: www.blis.co.nz
Instagram: @blisprobiotics #blisk12 #blism18 #blisq24
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