



28 May 2019

BLIS ACHIEVES IMPORTANT MILESTONES IN 2019 FINANCIAL YEAR

FY19 Highlights:

- \$0.4m maiden net profit
- \$0.9m EBITDA
- 59% growth in total revenue drives 5-year CAGR¹ of + 45%
- Launch into the Australian pharmacy market
- Launch onto the Amazon US platform
- Key regulatory approvals:
 - BLIS M18™ Australia TGA approval
 - BLIS M18™ US “self-affirmed” GRAS (April 2019, US FDA “No Objection” status)

Blis Technologies Limited (NZX:BLT) (Blis, Company) has today reported its results for the 12 months to 31 March 2019. In line with the market guidance provided on 1 April, the Company has delivered a maiden net profit of \$0.4m after reporting a loss of \$1.0m for the prior year.

FY19 total revenue was \$8.4m, an increase of 59% on the prior year. Earnings before interest, tax, depreciation and amortisation (EBITDA²) was \$0.9m, a slight increase on guidance provided to the market in April 2019 and a turnaround from the \$0.4m loss achieved in the prior year.

“This result represents a significant turning point for the Company in line with our goal of delivering sustainable profitable growth” said Blis Chair, Tony Offen.

The result was driven by revenue growth across all territories, but in particular, Australia following the signing of an exclusive distribution agreement with iNova Pharmaceuticals for the Company’s expanded product range into the Australian pharmacy network with effect from 1 April 2019.

“While we are very pleased with the financial progress made to date and have been encouraged by the early results from a number of new market launch initiatives, challenges in the 2019 year included dealing with long lead times to progress new customer initiatives, overcoming delays in new regulatory approvals and managing targeted accelerated growth opportunities on a limited budget.”

“The significant revenue growth recorded in the 2019 financial year has been achieved on the back of securing strong partnerships with key market players. This approach is fundamental to supporting profitable growth opportunities while operating with a modest capital base. The disciplined approach to balancing business development investment levels with the need to achieve earnings growth will continue.”

¹ CAGR is Compound Annual Growth Rate

² EBITDA is non-GAAP measure that is considered to be a useful indicator of cash profitability

Regional performance

	FY19	FY18	Change
Revenue	\$m	\$m	%
NZ	1.23	0.77	+60
Asia Pacific (excl. NZ)	2.87	0.85	+237
Europe	2.97	2.83	+5
North America	1.22	0.84	+45

In Australia, the BLIS® product range is now available in the "listed complementary medicines" throat category across the network of over 5,000 pharmacies nationwide.

New Zealand revenues grew by 60% reflecting the first full year of a new distribution relationship with Radiant Health which sees BLIS® branded products stocked across the NZ pharmacy network of around 900 stores and continued growth of the online business.

The next phase of expansion into select new markets across Asia and Africa will be led by distribution partner, iNova Pharmaceuticals, with evaluation of priority markets underway.

During the 2019 financial year, the Company's European distributor, Bluestone Pharma, reported launches with new customers of BLIS K12™ products to health care professionals in Belgium, Denmark, the Netherlands and Russia. There have also been launches by several of our existing customers in Europe of BLIS K12™ based product targeting younger children.

The USA launch of BLIS® branded products on the Amazon platform in June 2018 has delivered steady growth.

BLIS® branded finished goods and ingredient revenue

	FY19	FY18	Change
Revenue	\$m	\$m	%
BLIS® branded finished goods	3.12	0.99	+217
Ingredient revenue	4.99	4.26	+17

"We made significant progress during the year towards our strategic priority of growing the contribution of our BLIS® branded finished goods. Over time, the focus on growing this sales channel and going deeper within the value chain will increase our brand presence and future-proof the business by enabling the Company to develop a closer relationship with our customers and consumers".

Regulatory approvals

"The granting of a "No objection" GRAS³ status for BLIS M18™ in the USA in April 2019 has the potential to open new opportunities with larger consumer food and supplement companies to include BLIS M18™ in product formulations" said Brian Watson, Blis Chief Executive.

³ GRAS is an acronym for Generally Recognised As Safe, a United States Food and Drug Administration (FDA) designation that an ingredient added to food is considered safe by experts.

Other key recent approvals have included BLIS M18 approval by the Australia TGA and BLIS K12™ regulatory approval in Russia and Belgium. In May 2019, BLIS M18™ was approved in Canada for use in health products.

Research and development

“The receipt of a Callaghan Growth Grant in April 2018, which provides a 20% rebate on qualifying research and development over a three-year period to March 2021, allows us to confidently continue investing in the development of new product formats and formulations to expand the BLIS® range while also progressing new probiotic strains with commercial potential” said Mr Watson.

Outlook

This year’s achievements - including the Company’s maiden profit - underpin a turning point for Blis. The result is evidence of the increased resilience of the business due to broader revenue mix, increasing revenue from BLIS® branded products, stronger regulatory positions, an improved working capital base and development of robust internal capabilities.

“Key growth opportunities for the company in FY20 include Canada, China cross-border and Daigou markets, market expansion in Asia and Africa with iNova Pharmaceuticals and expansion of our online sales.”

We are forecasting sustained profitable growth in FY20 and an EBITDA similar to FY19 as we grow investment in building a pipeline of new revenue opportunities for the Company and continue to identify and build relationships with partners capable of bringing increased scale to the business.

For further information please contact:

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About Blis Technologies Ltd

Delivering proven health benefits through evidence-based, advanced probiotics

Blis 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 and teeth and gum 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