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ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2023

Probiotec Limited

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Probiotec Limited
ABN 91 075 170 151

Probiotec Limited
and its controlled entities
ACN 075 170 151

Annual Report
for the year ended
30 June 2023

Chairman's Letter to Shareholders

Dear Shareholders,

On behalf of your board of directors, it gives me great pleasure to present to you the 2023 Annual Report for Probiotec Limited (PBP).

We are proud of what the Group has achieved over the past 12 months and believe this performance is testament to the defensible and resilient business model of Probiotec and to the commitment of the wider Probiotec team.

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Industry tailwinds

As we emerge from the pandemic, I believe there has and will continue to be a fundamental shift in global supply chains. As such, the outlook for domestic manufacturing, especially in specialist industries such as the pharmaceutical industry in which Probiotec primarily operates, is materially improved.

The widespread supply chain disruptions, which have been particularly prevalent in more regulated industries such as pharmaceuticals, have fundamentally shifted thinking in favour of local manufacturing and supply or at least a diversification of supply chains resulting in more domestic supply.

This onshoring of manufacturing is continuing to be evident and we see this as an industry tailwind that is likely to benefit Probiotec for the foreseeable future.

Strong financial and operational performance

Record revenues of $214 million were accompanied by Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $35.3 million. These results again demonstrate the robust and defensive nature of the PBP business. These results would not be achievable without the exemplary leadership of the PBP management team and the dedication and skills of our employees.

Dividends of 6.5 cents per share were also paid in relation to the 2023 financial year, which was also a record for the company.

Outlook for the future

Whilst a level of uncertainty persists, the Board and management expect to deliver growth in both sales and earnings again in FY24.

Significant additional manufacturing capacity via the integration of state-of-the-art new pharmaceutical manufacturing and packing equipment is coming online in first half of FY24 to support growth.

New business wins continue to be integrated into our facilities and level of new business enquiry remains elevated.

The consolidation of our Sydney packing sites remains on track with development approval now obtained

for the construction of a purpose built 36,000 square metre facility in Kemps Creek, NSW. The site is expected to be fully operational by early in the 2025 calendar year and will deliver increased capacity, improved efficiency and reductions in operating costs.

Over the longer term, it continues to be our objective to become Australia's leading manufacturer and packer of pharmaceutical, consumer health and FMCG products. We will continue to pursue value-accretive acquisitions; to invest in customer and site capabilities; to invest in and develop our people; to expand our relationships with Tier 1 customers; and to maximise opportunities that arise from the onshoring of domestic manufacturing.

Conclusion

As I enter my third year as Chairman, I remain as excited as ever about what the future holds for Probiotec. I look forward to contributing to the continuation of growth journey we remain committed to.

I wish to thank my fellow directors for their guidance, support and practical approach and look forward to continuing to take the company forward together.

The results achieved would not have been possible without the leadership, vision and dedication of our CEO Wes Stringer, along with his entire executive team and all the staff at Probiotec. The entire team's focus on continual improvement has again been demonstrated in this year's result and the positioning of the Company for the future.

We are delighted to bring this result to you and look forward to our continuing journey.

Yours Sincerely,

Jonathan Wenig
Chairman of the board

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Corporate Governance Statement

Probiotec Limited (**Probiotec**) is committed to best practice in corporate governance, compliance and ethical behaviour. The Board's approach has been to be guided by the principles and practices that are in its stakeholders' best interests while ensuring full compliance with legal requirements.

A summary of Probiotec's corporate governance practices and compliance with the Corporate Governance Principles and Recommendations (Fourth Edition) is set out below.

The policies and charters referred to in this summary are accessible at Probiotec's website.

These corporate governance statements are effective as at 24 August 2023.

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1. Lay solid foundations for management and oversight

1.1 Responsibilities and Evaluation of the Board and Management

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board as well as the roles and responsibilities that have been delegated to the Chief Executive Officer and other senior management.

The Board's responsibilities include:

- protecting and enhancing the value of the assets of the Company;
- setting strategies, directions and monitoring and reviewing against these strategic objectives;
- reviewing and ratifying internal controls, codes of conduct and legal compliance;
- reviewing the Company' s accounts;
- approval and review of the operating budget and strategic plan for the Company;
- evaluating performance and determining the remuneration of the Chief Executive Officer and Senior Management;
- ensuring the significant risks facing the Company have been identified and adequate control monitoring and reporting mechanisms are in place;
- approval of transactions relating to acquisitions, divestments and capital expenditure above delegated authority limits;
- approval of financial and dividend policy; and
- appointment of the Chief Executive Officer.

The Board reviews the performance, composition and terms of reference of the Boards and the Board's committees using the Process for Evaluation of Performance Policy on an annual basis. The Board has evaluated the Board, the Remuneration and Nomination Committee and Audit and Risk Management Committee during the reporting period.

The Board has delegated responsibility for the day-to-day leadership and management of Probiotec to the Chief Executive Officer. The Board evaluates the performance of the Chief Executive Officer with facilitation by the Chair on an annual basis using its Process for Evaluation of Performance Policy. The Board evaluated the performance of the Chief Executive Officer during the reporting period.

Senior management has been given certain responsibilities, which include:

- developing strategies to deliver a strong market presence and build shareholder wealth over the long term;

- recommending appropriate strategic and operating plans;
- maintaining effective control of operations;
- measuring performance against peers;
- being strong, principled and providing ethical leadership;
- assuring sound succession planning and management development; and
- providing a sound organisational structure.

The Board evaluates the performance of senior management using its Process for Evaluation of Performance Policy, with the assistance of the Chief Executive Officer, on an annual basis. The Board evaluated the performance of senior management during the reporting period.

1.2 Appointment and evaluation of directors

The Remuneration and Nomination Committee is responsible for developing criteria for Board membership and identifying suitably skilled, qualified and experienced individuals to recommend to the Board. Probiotec undertakes appropriate checks before appointing or putting forward any director for election by shareholders and provides shareholders with all information relevant to their decision whether to elect the director.

Each director and senior executive of Probiotec has in place a letter of appointment or employment agreement which sets out the terms and conditions of their appointment.
The Board has adopted a Process for Evaluation of Performance Policy. Under the Policy, the Chair, in consultation with the Board, determines the process by which the performance of individual directors is assessed. This may include mechanisms such as interviews, self-assessment and peer review.

1.3 Company Secretary

As set out in the Board Charter, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

1.4 Diversity Policy

The Board has adopted a Diversity Policy to promote an inclusive culture where all people are encouraged to succeed to the best of their ability. The Remuneration and Nomination Committee is responsible for developing and monitoring a long-term plan to address diversity initiatives and measures.

For the purposes of the reporting above, senior executive positions are defined as those positions whereby the executive has both multiple direct reports and control over significant decisions within their department.

The Board has set the overall objective of a 50% participation rate across all levels of the Group. However, this objective is governed by the overriding principle of merit-based selection and advancement. The performance in regard to this objective can be seen below.

For the year ended 30 June 2023, the Probiotec Group had the following female participation (%) rates:

Probiotec Limited non-executive directors	0
Senior executive positions	55
Other management and professional roles	51
Total workforce	57

2. Structure the board to add value

2.1 Composition of the board

There are currently four members on the Board, of which the majority are independent, non-executive directors. The Chair of the Board is Jonathan Wenig, an independent and non-executive director. The Chief Executive Officer is Wesley Stringer. Probiotec supports the separation of the roles of Chair of the Board and Chief Executive Officer.

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Profiles of each board member, including terms in office, are included in the *2023 Financial Report*. The Board has established a Remuneration and Nomination Committee and an Audit and Risk Management Committee. The responsibilities of these Committees are set out in more detail below. The number of Committee meetings held during the reporting period and attendance at those meetings, are included in the *2023 Financial Report*.

2.2 Skills and competency of the board

The Board has not adopted a Board Skills Matrix. The Board considers that it is aware of the mix of skills held by the Board and is conscious of which skills may be beneficial to add to the Board. The Remuneration and Nomination Committee assists the Board in this respect. The duties and responsibilities of the Remuneration and Nomination Committee, as set out in its Charter, include reviewing the size, structure and composition of the Board and the effectiveness of the Board as a whole, and identifying suitable candidates to fill Board vacancies. The Committee make recommendations to the Board accordingly.

The Remuneration and Nomination Committee is also responsible for establishing and overseeing induction and continuing professional development programs for directors to develop and maintain the skills and knowledge needed to perform the role effectively.

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2.3 Independence of directors

In determining the independence of directors, the Board applies the definition of independent directors as contained in the Corporate Governance Principles and Recommendations (Third Edition). An independent director is a director who is independent of management and free of any interest, position, association or relationship that might materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgement.
Jonathan Wenig is a partner of Arnold Bloch Leibler, a national law firm that provides services to the Probiotec Group. The board has consider this association and come to the view that it does not impact upon Mr Wenig's ability to bring independent judgment to bear on issues or to act in the best interests of the entity as a whole.

The term of each current director is as follows (rounded to the nearest year):

- Jonathan Wenig = 3 years
- Wes Stringer = 14 years
- Simon Gray = 2 year

The Board considers that each of its Non-executive directors, Jonathan Wenig and Simon Gray are independent.

2.4 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is made up of Simon Gray and Jonathan Wenig with Jonathan Wenig holding the role of Chairman. The Board considers a majority of the committee members, including the Chair, to be independent directors. Profiles of each committee member, including their qualifications, are included in the *2023 Financial Report*.

The Remuneration and Nomination Committee Charter sets out the responsibilities of the Committee as well as membership requirements and procedures for Committee meetings. The Committee is responsible for developing criteria for Board membership, to identify suitably skilled, qualified and experienced individuals for nomination and to establish processes for the review of the performance of directors. The Charter is reviewed annually.

3. Act ethically and responsibly

The Board has adopted a Code of Conduct which applies to all Probiotec employees. The Code of Conduct emphasises the fundamental principles of Probiotec, including ethical behaviour, honesty, integrity and respect.

Probiotec also has in place:

- a Whistleblowing Policy, to support employees reporting the conduct of other employees; and
- a Security Trading Policy, to ensure its Key Management Personnel (as that term is defined in the ASX Listing Rules) comply with the ASX Listing Rules and the *Corporations Act 2001* (Cth).

4. Safeguard integrity in corporate reporting

4.1 Audit and Risk Management Committee

The Audit and Risk Management Committee is made up of Simon Gray (Chair) and Jonathan Wenig. Each of the committee members are non-executive directors and the Board considers each of the committee members to be independent directors. Profiles of each committee member, including their qualifications, are included in the *2023 Financial Report*.

The Audit and Risk Management Committee Charter sets out the responsibilities of the Committee as well as membership requirements and procedure for Committee meetings. The Committee's responsibilities include reviewing the financial statements released to shareholders, recommending the appointment and remuneration of the external auditor and the terms of their engagement and assessing the independence of the external auditor. The Charter is reviewed annually.

As there are only two non-executive directors on the board, the Audit and Risk Management Committee doesn't meet the recommendation for a minimum of three member. If and when any further non-executive directors join the board, this will be re-visited.

4.2 Assurance from Chief Executive Officer and Chief Financial Officer

Prior to the approval of the financial statements for any financial period, the Board Charter and the *Corporations Act 2001* (Cth) requires that the Chief Executive Officer and Chief Financial Officer declare that:

- the financial records of Probiotec have been properly maintained;
- the financial statement comply with the appropriate accounting standards and give a true and fair view of Probiotec's financial position and performance; and
- that opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 Auditors attendance at general meetings

Under Probiotec's Constitution, Probiotec's auditor is entitled to attend any general meeting and has the right to be heard.

5. Make timely and balanced disclosure

The Board of Probiotec has adopted a Continuous Disclosure Policy to ensure compliance with Probiotec's obligations under the *Corporations Act 2001* (Cth) and the ASX Listing Rules. A Compliance Officer has been appointed by the Board to be primarily responsible for deciding what information will be disclosed to the market. The Continuous Disclosure Policy sets out processes for reporting and disclosure and speaking with the media, public and analysts.

6. Respect the rights of security holders

The Board of Probiotec has adopted a Shareholder Communication Policy which outlines its commitment to ensuring that shareholders, regulators and the wider investment community are informed of all major developments affecting Probiotec in a timely and effective manner.

As part of this commitment, Probiotec has available on its website its Constitution, board and committee charters, and the policies referred to in this summary. Information in relation to Probiotec's directors, copies of all media and ASX releases and the details of Probiotec's share registry are also accessible on the website.

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Shareholders are encouraged to attend and participate at general meetings. To facilitate this, meetings will be held during normal business hours and at a place convenient for shareholders to attend.

The full text of notices and accompanying materials will appear on Probiotec's website.

7. Recognise and manage risk

The Board is responsible for ensuring that the significant risks facing Probiotec have been identified and adequate control monitoring and reporting mechanisms are in place.

The Audit and Risk Management Committee (whose members have been summarised above) assist the Board in executing its responsibilities in relation to risk. The majority of the Committee's members, including the Chair, are considered by the Board to be independent Directors. The Audit and Risk Committee Charter requires the Committee to oversee Probiotec's risk profile, risk policy and the effectiveness of its risk management framework and supporting risk management systems.

The Board has adopted a Risk Management Policy which identifies key risk areas, sets out policy objectives and outcomes and delineates responsibility and reporting measures across Probiotec. This policy is reviewed annually and was reviewed during the current reporting period.

Probiotec does not currently have material exposure to economic, environmental or social sustainability risks. If such risks do arise, Probiotec will manage those risks in accordance with its internal risk management framework.

Probiotec does not currently have an internal audit function. However, the company employees a significant range of qualified management across all key business areas and regularly has the managers of these departments report directly to the board.

8. Remunerate fairly and responsibly

The Remuneration and Nomination Committee (whose members have been summarised above) is responsible for reviewing and making recommendations to the Board on remuneration packages and policies available to senior management and directors, as set out in its Charter. The Committee may engage independent counsel or advisors with the approval of the Chairman or by resolution of the Board.

The Board has adopted a Security Trading Policy which prohibits Key Management Personnel (as that term is defined in the ASX Listing Rules) from entering into hedging arrangements in relation to Probiotec securities which would have the effect of limiting the exposure of the person to risk relating to an element of their remuneration that has not vested, or has vested but remains subject to a holding lock. Key Management Personnel may enter into margin loans or other security arrangements in relation to Probiotec shares only with the prior written approval of the Designated Officer. Details of the framework and policies in relation to remuneration is set out in the Remuneration Report section of the Directors Report, which is included in the *2023 Financial Report*. The remuneration of each director is also set out in the Remuneration Report. Information on the structure of the remuneration of senior management is also set out in the Remuneration Report.

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Director's Report

The directors submit the financial report of Probiotec Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2023.

Directors

The names of the directors in office at any time during or since the end of the year are:

Jonathan Wenig	*Non-Executive and Chairman*
Wesley Stringer	*Managing Director*
Simon Gray	*Non-Executive Director*
Paul Santoro	*Non-Executive Director (resigned 17 October 2022)*

Directors have been in office to the date of this report unless otherwise stated.

Company Secretary

The name of the company secretary in office at any time during or since the end of the year was:
Jared Stringer

The company secretary has been in office to the date of this report unless otherwise stated.

Principal Activities

The Group's principal activities in the course of the financial year were the development, manufacture, packing and sale of pharmaceuticals, consumer health and fast moving consumer products in Australian and international markets.

Operating Results

The consolidated profit of the Group attributable to the shareholders from continuing operations for the financial year was $11,018,356 (2022: $13,706,658).

Dividends

A final dividend of 3.5 cents per fully paid ordinary share has been declared on 24 August 2023 in relation to the financial year ended 30 June 2023 (2022: 3.5 cents). The final dividend will be paid on 8 September 2023, to shareholders of record on 1 September 2023. During the financial year ended 30 June 2023, a final dividend of 3.5 cents per fully paid ordinary share was paid in relation to the 2022 financial year, which amounted to $2,846,319 (2021: $2,353,902). An interim dividend of 3.0 cents per fully paid ordinary share, which amounted to $2,439,704 (2022: $1,626,468) was also paid during the 2023 financial year.

Operating and Financial Review

Overview of results

The Group's statutory net operating profit after tax from continuing activities attributable to members for the year was $11.0 million compared to a profit of $13.7 million for the prior corresponding period.

The Group's underlying net operating profit after tax from continuing activities attributable to members for the year was $12.8 million compared to a profit of $13.5 million for the prior corresponding period.

This result again displays the defensive and resilient nature of the Group's businesses.

[1] Excluding non-recurring costs predominantly associated with the acquisitions of H&H Packaging and Multipack-LJM businesses, costs incurred in the announced NSW site consolidation project, amortisation of acquisition related intangible assets and fair value adjustments.

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Sales revenue grew by 18% to $215.1 million. This was driven primarily by the Group's pharmaceutical manufacturing services, together with more modest growth across the Group's packing operations.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto and elsewhere in the financial report of the company and its controlled entities for the year ended 30 June 2023.

Significant After Reporting Date Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments, business strategies and prospects

The Group will continue to operate its business consistent with its stated business strategy. The Board will continue to monitor the progress of the business improvement initiatives and the intended improvement in the Group's operating and financial performance.

Material Business Risks

The following business risks are reviewed periodically by the Board and management. These risks are considered to have the potential to affect the Group's achievement of its overall business objectives.

Risk	Description
Quality & Regulatory	The Group operates under a broad range of regulatory, legal and tax systems. The Group operates primarily within the highly regulated pharmaceutical industry. Adverse outcomes from regulatory audits or inspections could materially impact operations and resultant financial results. Changes to regulations and/or laws have the potential to adversely impact the Group's ability to operate and its financial performance.
Supply Chain	The Group has a diverse supply chain to source raw materials, packaging materials and other required inputs. Delays or disruptions to this supply chain may result in delays or non-supply of products to our customers.
Market Competition	New entrants may enter the same markets as the Group and compete against us.
Management	The Group's strategic development and execution could be adversely impacted if the Group were not able to retain its specialised knowledge and areas of expertise, key management, employees and/or board members.
Manufacturing facilities and equipment	Damage, destruction or breakdowns of key items of machinery or facilites could result in delays or non-supply to our customers. Prolonged delays could result in loss of customers.
Customers	The loss of a major customer would adversely impact the Group. The majority of the Group's business is under long term supply agreements. Failure to renew these contracts has the potential to materially impact the Group.

The Group is also exposed more broadly to external risks such as the Covid pandemic and the Russia-Ukraine conflict and the Company regularly reviews its business profile to proactively identify material business risks and opportunities.

Environmental Issues

The Group monitors its environmental legal obligations and has its own self imposed policies. We believe that the Group complies with all aspects of the environmental laws.

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Occupational Health and Safety

The Group's Occupational Health and Safety Committee meet monthly and monitors the business by conducting regular audits of the premises. Any safety matters raised either by staff, the audits or from an investigation of any workers' compensation claims are reviewed and, where appropriate, changes made to operating procedures. Staff are encouraged to make safety suggestions to their departmental representatives. All committee members are given the necessary training for the position.

Meetings of Directors

Probiotec Limited became a public company on 17th February 2006 and listed on the Australian Securities Exchange on the 14th November 2006. Directors hold meetings approximately eight to twelve times a year. The board also comprises the Audit and Risk Management and Remuneration and Nominations Sub-Committees. The number of meetings of the company's board of directors held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

	Board of Directors Meetings		Audit & Risk Management Committee meetings		Remuneration & Nominations Committee meetings	
Director	**No. Held[2]**	**No. Attended**	**No. Held[3]**	**No. Attended**	**No. Held[2]**	**No. Attended**
Wesley Stringer	9	9	-	-	-	-
Paul Santoro	3	3	1	1	-	-
Jonathan Wenig	9	9	2	2	1	1
Simon Gray	9	9	2	2	1	1

Information on Directors and Officers

Jonathan Wenig

Role	- Non-Executive Director, Chairman (appointed 1 July 2021)
Qualifications	- LLB (Hons) (Melb)
Experience	- Mr Wenig is currently a partner at Arnold Bloch Leibler, a leading Australian commercial law firm. Mr Wenig's practice and expertise spans the breadth of commercial and corporate law, including mergers and acquisitions, corporate work, technology and financing. He is a trusted advisor to numerous active and innovative public companies – bringing his intellect and experience to bear not only in their corporate matters and acquisition activities, but across their legal affairs and strategic challenges and opportunities. Mr Wenig is ranked as one of Australia's leading Corporate and M&A lawyers in Chambers Asia Pacific and The Legal 500 Asia Pacific. He is also recognised by Best Lawyers® International in the area of corporate and M&A law and has been ranked by Doyle's Guide in the categories of private equity and corporate law.
Special Responsibilities	- Chairman of the board (appointed Chairman on 1 July 2021). - Member of Audit and Risk Management Committee. - Chair of nomination and remuneration committee.

[2] Number of board meetings held while director eligible to attend.
[3] Number of meetings for members of respective board or committee only.

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Wesley Stringer

Role
- Chief Executive Officer / Managing Director

Qualifications
- B.Comm (Accounting, Finance), LLB (hons), CPA

Experience
- Prior to joining Probiotec, Wesley was employed by KPMG in Taxation and Finance. He has also worked internationally for Deutsche Bank and BNP Paribas Investment Bank in London. From 1 July 2015, Wesley has taken the role of Chief Executive Officer of Probiotec Limited.

Special Responsibilities
- Nil.

Other Directorships
- Nil.

Simon Gray

Role
- Non-Executive Director

Qualifications
- LLB, B.Arts, Masters (Law in Corprate and Commercial), AICD

Experience
- Mr Gray has a strong background in law, financial services and markets, risk and strategy. He was previously a director on the boards of Morgans Financial Limited and before that Shaw and Partners Limited where he was at various times its Deputy CEO, General Counsel and Chief Compliance Officer.

Special Responsibilities
- Chair of Audit and Risk Management Committee.
- Member of the Board's Audit and Risk Committee.

Other Directorships
- Nil.

Paul Santoro

Role
- Non-Executive Director

Qualifications
- B.Business, FCPA

Experience
- Mr Santoro is the CEO of Cygnett, a Melbourne-based leading global digital accessories business that designs and manufactures market-leading products including wireless chargers, portable power stations, cables, stands and holders that are sold into 42 countries around the world with offices in the UK, USA and China. He is also co-owner of Forest Hill Medical Centre and co-owner of Universal Business Services, a boutique book-keeping and business advisory company.

His shift into the technology sector 8 years ago followed over two decades as a senior executive in the healthcare sector. His previous roles included:

- CEO of Dorevitch Pathology servicing more than 6,000 medical practitioners, with 1,350 staff including 47 pathologists through a network of 16 laboratories and 90 licensed collection centres;
- CEO of ARL Pathology and Molescan Skin Clinics (87 sites across Australia) leading 500 staff including medical scientists, pathologists, medical practitioners and administrative staff;
- Vice President of the Australian Association of Pathology Providers (AAPP).

Special Responsibilities
- Chair of the Audit and Risk Committee.

Other Directorships
- Nil.

Jared Stringer

Role
- Company Secretary / Chief Financial Officer

Qualifications
- B.Comm (Accounting, Finance), BIT, GradDip.AppCorGov, CPA

Experience
- Began employment with Probiotec as a Financial Accountant in 2006 before being appointed as Chief Financial Officer in 2012. Mr Stringer is a member of the society of Certified Practicing Accountants of Australia and also holds a Graduate Diploma of Applied Corporate Governance.

Special Responsibilities
- Nil.

Other Directorships
- Nil.

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Insurance of Officers

During the financial year, the Company paid insurance premiums for a directors' & officers' liability insurance contract that provides cover for the current and former directors, alternate directors, secretaries, executive officers and officers of the Company and its subsidiaries. The directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

Indemnification of Auditor

No indemnity has been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Group.

Disclosure on Unissued Shares under Option

At the date of this report, there were 3,175,000 unissued ordinary shares of Probiotec Limited under option.

Remuneration Report (Audited)

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This report is prepared in accordance with section 300A of the Corporations Act 2001 for the Group for the financial year ended 30 June 2023. This report is audited.

1. REMUNERATION

1.1 Remuneration & Nominations Committee

The primary function of the Board Remuneration and Nominations Committee ("Committee") is to assist the Board of Directors ("Board") in fulfilling its oversight responsibility to shareholders by ensuring that:

- the Board comprises individuals best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance; and
- the Group has coherent remuneration policies and practices that fairly and responsibly reward executives having regard to performance, the law and the highest standards of governance.

The Committee's purpose in relation to remuneration is to:

- review and approve executive remuneration policy;
- make recommendations to the Board in relation to the remuneration of the Chief Executive Officer and Non-executive Directors;
- review and make recommendations to the Board on corporate goals and objectives relevant to the remuneration of the Chief Executive Officer, and the performance of the Chief Executive Officer in light of these objectives;
- approve remuneration packages for Probiotec's executives;
- review and approve all equity based plans;
- approve all merit recognition expenditure; and
- oversee general remuneration practices.

The Committee will primarily fulfill these responsibilities by carrying out the activities outlined in its Charter.

The Committee membership and the Chairman of the Committee will be as determined from time to time by the Board. Each of the members are free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of their independent judgement as a member of the Committee.

Members of Remuneration and Nominations Committee	Position
Jonathan Wenig	Chair
Simon Gray	Member

1.2 Remuneration Policy – Non-Executive Directors

The level of remuneration for the company's non-executive directors is set to reflect the scope of the director's responsibilities, the size of the company's operations and the workload demanded. Probiotec believes that the current remuneration packages for non-executive directors are appropriate having considered the factors above. A remuneration consultant was not utilised during the year.

The current annualised total remuneration for the company's non-executive directors is $260,000. The Nomination & Remuneration Committee reviews non-executive remuneration annually and makes recommendations to the Board. The Committee considers current market rates of remuneration for similar sized companies and obtains advice from independent professional firms if required. Shareholders will be periodically asked to approve increases in the fee level of non-executive directors if the size, scope, complexity or demands made on the directors increases.

Non-executive directors do not receive any performance related remuneration and are not entitled to receive performance shares, rights or options.

Remuneration levels for non-executive directors for the 2023 financial year are set out on page 10 of this report.

1.3 Remuneration Policy – Executive Directors and Key Management Personnel

The Remuneration and Nominations Committee has structured the Group's executive remuneration policies to ensure:

- the policy motivates executives to pursue the long term growth and success of Probiotec within an appropriate control framework;
- the policy demonstrates a clear relationship between individual performance and remuneration; and
- the policy involves an appropriate balance between fixed and variable remuneration, reflecting the short and long term performance objectives appropriate to Probiotec's circumstances and goals.

The Group's remuneration framework for executive directors and key management personnel comprises fixed annual remuneration, short-term incentives and long-term incentives. The Group structures remuneration packages to balance between base incomes and "at risk" incomes to ensure that key personnel are retained, whilst still providing strong incentives to maximise the potential long-term growth of the Group. The Group has no formal policy in place for limiting the risk to key management personnel in relation to their remuneration.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with key management personnel. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration and Nominations Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

Short-term Incentives
Executive directors and key management are eligible to receive short-term incentive payments, in the form of cash bonuses, based on the achievement of set Key Performance Indicators (KPIs) as described above.

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Long-term Incentives
The Group provides long-term incentives to senior management to reward sustained performance by the organisation as a whole. Long-term incentives are in the form of options and performance rights over Probiotec Limited shares issued under the company's Executive Option Plan. The issue of shares and/or options is based on a review of the contributions and value of management personnel undertaken by the Nomination and Remuneration Committee. Limited recourse loans are also provided to certain executives to fund the exercise of options held.

At the date of this report, Wesley Stringer is the only executive director of Probiotec Limited. Mr. Wesley Stringer is paid a fixed annual remuneration. Along with his fixed annual remuneration, Mr. Wesley Stringer is also eligible to receive equity-based compensation, in the form of share options and performance rights. Mr. Wesley Stringer was granted 1,400,000 performance rights during the 2023 financial year. An additional 1,050,000 performance rights were issued to other executives of the Company.

The amendments to Exective Option Plan were approved at the Company's Annual General Meeting on 28 November 2022 and subsequently loans were provided to five executives to enable the exercise of options. The aggregate value of loans provided to executives under the Executive Option Plan at 30 June 2023 was $12.9 million. Under the Executive Option Plan, executives with limited recourse loans may elect for any dividends paid by the Company to be either applied against the outstanding loan balance or received in cash.

Termination Arrangements
All key management personnel are employed subject to employment contracts with indefinite durations. These employment contracts specify a notice period of between one and one year. The Group may choose to make a payment in lieu of the notice period. No notice period or payment is required for termination with cause.

1.4 Remuneration Policy - Employees

All salaried positions are evaluated based on the size of the role, the level of accountability and experience required, amongst other factors. Economic and market factors are also taken into consideration when evaluating the remuneration level for a specified role.

2. LINKING REMUNERATION TO PROBIOTEC'S PERFORMANCE

Probiotec has structured its remuneration policies to increase goal congruence between shareholders, directors and executives. The company believes that this will have a positive effect on shareholder wealth. The board has regard to a number of factors and metrics related to financial and operational performance, strategic advancement, customer relationship building, safety and overall stakeholder satisfaction.

The following table outlines key metrics reported by the Company over the past 4 years to 30 June 2023:

	2023	2022	2021	2020
Total Revenue ($'m)	215.1	182.3	120.5	107.2
Underlying[1] NPAT ($'m)	13.3	13.5	9.3	8.1
Statutory NPAT ('$m)	11.0	13.7	4.8	3.5
Underlying[1] Earnings Per Share (cents)	16.3	16.7	12.1	11.1
Share Price (30 June) ($)	2.80	2.25	2.08	1.90
Dividends per share (cents)	6.50	5.50	5.00	4.00

[1] *Underlying figures exclude non-recurring transaction costs, fair value adjustments, JobKeeper payments and amortisation of customer related intangibles. FY21 figures also include proforma adjustment to annualise the impact of the Multipack-LJM acquisition (as acquired 1 January 2021).*

The board strongly believes in the linking of remuneration to Probiotec's performance and has structured executive remuneration packages to include a significant portion 'at risk'. At present, 'at risk'

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remuneration includes options issued under the Probiotec Executive Option Plan along with short-term cash bonuses payable upon the achievement of agreed Key Performance Indicators.

3. REVIEW OF REMUNERATION

The Remuneration and Nominations Committee ordinarily meets one to two times per year in conjunction with the release of the financial results or more frequently as circumstances dictate to review the total remuneration paid to the CEO and senior executives of the Company. In addition to the members of the Committee, such Executives and/or external parties as the Chairman and members of that Committee think fit may be invited to attend meetings. All Directors may attend Committee meetings; however, the Chief Executive Officer will have no voting rights and must not be present during discussions on their own remuneration.

4. CONTRACTS OF EMPLOYMENT

All executive staff employed by the Group are subject to employment contracts, which set out the terms and conditions of their employment. These contracts define their level of remuneration, length of contract (if for fixed period) and termination events amongst other areas. The standard notice period for employees of the Group is one month; however, this may be varied to be up to one year in limited instances.

5. REMUNERATION DETAILS OF KEY MANAGEMENT PERSONNEL

For the purposes of this report, "Key Management Personnel" (KMPs) are defined as those persons that have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Directors

The following persons were directors of Probiotec Limited during the financial year:

Wesley Stringer	*Managing Director*
Simon Gray	*Non-Executive Director*
Jonathan Wenig	*Non-Executive Director*
Paul Santoro	*Non-Executive Director (Resigned 17 October 2022)*

Other key management personnel

The following persons also had responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
Jared Stringer	Chief Financial Officer	Probiotec Limited
Julie McIntosh	Chief Operating Officer	Probiotec Limited
Jessica Walters	Chief Customer Officer	Probiotec Limited
Annalinde Nickisch	Chief People Officer	Probiotec Limited

Key Management Personnel have not changed from prior year other than the addition of Jessica Walters and Annalinde Nickisch and the removal of Alan Hong, who remains employed by the Group but is no longer classified as key management personnel.

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The Directors and identified KMPs received the following compensation for their services during the year:

		Short-Term Benefits				Post Employment Benefits		Equity-Based Benefits		
2023	Position	Salary, Fees & Commissions $	Short Term Incentives[4] $	Non-Cash Benefits $	Annual Leave $	Long Service Leave[5] $	Superannuation Contribution $	Options $	Total $	Proportion of Remuneration that is performance based %
Directors & Secretaries										
Wesley Stringer	*CEO / Executive Director*	591,641	257,050	-	-	18,956	19,620	344,714	**1,231,981**	48.8
Jonathan Wenig	*Non-Executive Director*	115,000	-	-	-	-	-	-	**115,000**	-
Simon Gray	*Non-Executive Director*	67,529	-	-	-	-	21,373	-	**88,902**	-
Paul Santoro[6]	*Non-Executive Director*	24,242	-	-	-	-	2,545	-	**26,787**	-
Jared Stringer	*CFO / Company Secretary*	404,270	171,360	-	-	12,637	27,496	172,358	**788,121**	43.6
		1,202,682	**428,410**	**-**	**-**	**31,593**	**71,034**	**517,072**	**2,250,791**	**42.0**
Other Key Management Personnel										
Julie McIntosh	*COO*	329,442	94,815	-	-	8,756	27,496	86,178	**546,687**	33.1
Annalinde Nickisch[7]	*CPO*	126,273	17,077	-	-	3,180	15,481	-	**162,011**	10.5
Jessica Walters	*CCO*	261,353	40,800	-	-	-	27,814	-	**329,967**	12.3
		717,068	**152,692**	**-**	**-**	**11,936**	**70,791**	**86,178**	**1,038,665**	**23.0**
Total		**1,919,750**	**581,102**	**-**	**-**	**43,529**	**141,825**	**603,250**	**3,289,456**	**36.0**

No long-term employee benefits, other than equity-based benefits and accrued long service leave have been provided to Directors, Company Secretary or Key Management Personnel during the year.

4 Short Term incentives related to FY2023 are payable in September 2023.
5 All Long Service Leave amounts relate to accrued balances. No Long Service Leave was taken or paid out during the year.
6 Mr Santoro resigned on 17 October 2022.
7 Mrs Nickisch took maternity leave for 6 months during 2023.

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The Directors and identified KMPs received the following compensation for their services during the year:

		Short-Term Benefits				Post Employment Benefits		Equity-Based Benefits		
2022	Position	Salary, Fees & Commissions $	Short Term Incentives[8] $	Non-Cash Benefits $	Annual Leave $	Long Service Leave[9] $	Superannuation Contribution $	Options (Restated)[10] $	Total (Restated) $	Proportion of Remuneration that is performance based (Restated) %
Directors & Secretaries										
Wesley Stringer	CEO / Executive Director	564,854	250,629	-	-	26,184	19,619	130,253	**991,539**	38.4
Greg Lan	Non-Executive Director	33,333	-	-	-	-	-	-	**33,333**	-
Alexander Beard	Non-Executive Director	12,121	-	-	-	-	1,212	-	**13,333**	-
Jonathan Wenig	Non-Executive Director	100,000	-	-	-	-	-	-	**100,000**	-
Simon Gray	Non-Executive Director	52,500	-	-	-	-	27,500	-	**80,000**	-
Paul Santoro	Non-Executive Director	30,303	-	-	-	-	3,030	-	**33,333**	-
Jared Stringer	CFO / Company Secretary	364,252	167,086	-	-	14,155	27,498	82,533	**655,524**	38.1
		1,157,363	**417,715**	**-**	**-**	**40,339**	**78,859**	**212,786**	**1,907,062**	**33.1**
Other Key Management Personnel										
Julie McIntosh	COO	314,502	146,200	-	-	9,484	27,498	68,861	**566,545**	38.0
Alan Hong	GM - Accounting	160,608	19,839	11,820	-	3,734	17,158	1,014	**214,173**	9.7
		475,110	166,039	11,820	-	13,218	44,656	69,875	**780,718**	29.8
Total		**1,632,473**	**583,754**	**11,820**	**-**	**53,557**	**123,515**	**282,661**	**2,687,780**	**32.2**

No long-term employee benefits, other than equity-based benefits and accrued long service leave have been provided to Directors, Secretaries or Key Management personnel during the year.

[8] Short Term incentives related to FY2022 are payable in September 2022.
[9] All Long Service Leave amounts relate to accrued balances. No Long Service Leave was taken or paid out during the year.
[10] The options expense was restated in the amount of $18,180 related to the acceleration of vesting conditions on options issued but not fully accounted for during the year.

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6. INTEREST IN SHARES & OPTIONS

The number of options held by key management personnel is as follows:

Name	Grant Date	Vesting Date	Expiry Date	Exercise Price	Balance at start of the year number	Option Granted during the year number	Options lapsed/ forfeited during the year number	Options exercised during the year number	Option Vested during the year number	Balance vested at end of the year number	Balance unvested at end of the year number	Fair Value per options at grant date
Wesley Stringer	30.11.2022	31.08.2025	31.08.2027	$0.00	-	233,334	-	-	-	-	233,334	$0.70
Wesley Stringer	30.11.2022	31.08.2026	31.08.2027	$0.00	-	233,333	-	-	-	-	233,333	$0.68
Wesley Stringer	30.11.2022	31.08.2027	31.08.2027	$0.00	-	233,333	-	-	-	-	233,333	$0.67
Wesley Stringer	30.11.2022	31.08.2025	31.08.2027	$0.00	-	233,334	-	-	-	-	233,334	$1.87
Wesley Stringer	30.11.2022	31.08.2026	31.08.2027	$0.00	-	233,333	-	-	-	-	233,333	$1.85
Wesley Stringer	30.11.2022	31.08.2027	31.08.2027	$0.00	-	233,333	-	-	-	-	233,333	$1.75
Julie McIntosh	30.11.2022	31.08.2025	31.08.2027	$0.00	-	58,334	-	-	-	-	58,334	$0.70
Julie McIntosh	30.11.2022	31.08.2026	31.08.2027	$0.00	-	58,333	-	-	-	-	58,333	$0.68
Julie McIntosh	30.11.2022	31.08.2027	31.08.2027	$0.00	-	58,333	-	-	-	-	58,333	$0.67
Julie McIntosh	30.11.2022	31.08.2025	31.08.2027	$0.00	-	58,334	-	-	-	-	58,334	$1.87
Julie McIntosh	30.11.2022	31.08.2026	31.08.2027	$0.00	-	58,333	-	-	-	-	58,333	$1.85
Julie McIntosh	30.11.2022	31.08.2027	31.08.2027	$0.00	-	58,333	-	-	-	-	58,333	$1.75
Jared Stringer	30.11.2022	31.08.2025	31.08.2027	$0.00	-	116,667	-	-	-	-	116,667	$0.70
Jared Stringer	30.11.2022	31.08.2026	31.08.2027	$0.00	-	116,667	-	-	-	-	116,667	$0.68
Jared Stringer	30.11.2022	31.08.2027	31.08.2027	$0.00	-	116,666	-	-	-	-	116,666	$0.67
Jared Stringer	30.11.2022	31.08.2025	31.08.2027	$0.00	-	116,667	-	-	-	-	116,667	$1.87
Jared Stringer	30.11.2022	31.08.2026	31.08.2027	$0.00	-	116,667	-	-	-	-	116,667	$1.85
Jared Stringer	30.11.2022	31.08.2027	31.08.2027	$0.00	-	116,666	-	-	-	-	116,666	$1.75
Wesley Stringer	24.11.2021	24.08.2023	23.11.2024	$0.00	150,000	-	-	-	-	-	150,000	$1.94
Julie McIntosh	24.11.2021	24.08.2023	23.11.2024	$0.00	25,000	-	-	-	-	-	25,000	$1.94
Jared Stringer	24.11.2021	24.08.2023	23.11.2024	$0.00	50,000	-	-	-	-	-	50,000	$1.94
Annalinde Nickisch	27.10.2020	26.10.2022	26.10.2023	$2.12	50,000	-	-	-	50,000	50,000	-	$0.08
					275,000	**2,450,000**	**-**	**-**	**50,000**	**50,000**	**2,675,000**	

* All options are forfeited if the grantee resigns from the company prior to the exercise or expiry of the options.
**All options have been valued using either the Black-Scholes option model or the Monte Carlo method. The values of the options calculated under this method are allocated evenly over the vesting period.

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The number of shares held by key management personnel during the 2022 and 2023 financial year is as follows:

Directors	Balance at 1/07/2021	Share acquisitions through exercise of share options	Other purchases during the year*	Sold during the year	Balance at 30/06/22	Share acquisitions through exercise of share options	Other purchases during the year*	Sold during the year	Balance at 30/06/23
Wes Stringer	4,947,777	1,260,000	-	(1,011,904)	5,195,873	-	-	-	5,195,873
Simon Gray	-	-	50,000	-	50,000	-	10,000	-	60,000
Jonathan Wenig	70,750	-	-	-	70,750	-	45,000	-	115,750
Paul Santoro	-	-	-	-	33,615	-	-	-	33,615
Total for Directors	**5,018,527**	**1,260,000**	**50,000**	**(1,011,904)**	**5,316,623**	**-**	**55,000**	**-**	**5,405,238**
Jared Stringer	2,600,000	860,000	-	-	3,460,000	-	-	(255,000)	3,205,000
Julie McIntosh	1,250,000	740,000	-	-	1,990,000	-	-	(500,000)	1,490,000
Jessica Walters	-	-	-	-	-	-	22,500	-	22,500
Annalinde Nickisch	-	-	1,550	-	1,550	-	-	-	1,550
Total for KMPs	**3,850,000**	**1,600,000**	**1,550**	**-**	**5,451,550**	**-**	**22,500**	**(755,000)**	**4,719,050**

7. LOANS PROVIDED TO EXECUTIVES

Limited recourse loans have been provided to 5 executives of the Company to facilitate the exercise of options. These loans are secured against the shares issued as part of the option exercise and recourse is limited to the forfeiture of these shares. In accordance with accounting standards these loan amounts are not recognised in the financial statements. The details of the loans associated with key management personnel are:

Key Management Personnel	Loan amount ($)	Loan expiry date	Shares secured against loan (No.)
Wes Stringer	2,642,976	19/10/2026	1,260,000
Wes Stringer	3,616,000	24/10/2025	3,600,000
Jared Stringer	1,803,936	19/10/2026	860,000
Jared Stringer	2,048,000	24/10/2025	2,300,000
Julie McIntosh	1,552,224	19/10/2026	740,000
Julie McIntosh	757,500	24/10/2025	750,000
	12,420,636		**9,510,000**

The executives have the option to elect that any dividends paid by the Company be either applied against the outstanding loan balance or paid in cash. Any dividends paid in cash continue to form part of the security pool attached to the loan.

8. SHARE OPTIONS EXERCISED OR LAPSED DURING THE YEAR

No share options issued to directors or Key Management Personnel were exercised, lapsed or forfeited during the year ended 30 June 2023, other than those set out on the prior page.

The board has no formal policy in place for limiting the risk to the directors or other key management personnel in relation to the options issued.

End of audited remuneration report.

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Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Non-audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2023.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16 of this report.

Signed in accordance with a resolution of Board of Directors.

Director
Wesley Stringer
Signed at Laverton this 24th day of August 2023

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Auditor's Independence Declaration

SW
Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF PROBIOTEC LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW Audit
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 24 August 2023

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PROBIOTEC LIMITED AND CONTROLLED ENTITIES
(ACN: 075 170 151)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Group 2023 $	Consolidated Group 2022 $
Sales revenue from continuing operations	2	214,028,475	182,327,582
Cost of goods sold		(149,692,763)	(125,087,169)
Gross profit		64,335,712	57,240,413
Other income	2	-	1,351
Warehousing & distribution expenses		(8,796,785)	(7,318,441)
Sales and marketing expenses		(4,961,018)	(4,132,516)
Fair value adjustments	6	616,912	2,770,685
Finance costs		(5,773,875)	(4,286,051)
Administration and other expenses	4	(29,846,584)	(26,239,732)
Profit before income tax expense		15,574,362	18,035,709
Income tax expense	5	(4,556,176)	(4,329,051)
Net profit		11,018,186	13,706,658
Profit for the year attributable to owners of the parent entity		11,018,186	13,706,658
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		11,018,186	13,706,658
Total comprehensive income for the year attributable to owners of the parent entity		11,018,186	13,706,658
Earnings per share for profit attributable to owners of the parent entity			
Basic earnings per share (cents)	25	13.6	17.1
Diluted earnings per share (cents)	25	13.3	17.1

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.

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PROBIOTEC LIMITED AND CONTROLLED ENTITIES
(ACN: 075 170 151)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Consolidated Group	
		2023	2022 Restated
	Note	$	$
Current Assets			
Cash and cash equivalents		14,050,414	22,203,568
Trade and other receivables	10	36,385,979	31,229,992
Inventories	11	23,790,229	19,601,634
Other current assets		1,441,787	1,599,293
Total Current Assets		**75,668,409**	**74,634,487**
Non-Current Assets			
Property, plant and equipment	12	31,679,701	27,766,488
Right of use assets	18	29,307,268	34,446,555
Intangible assets	13	84,701,903	86,079,122
Deferred tax assets	14	14,081,597	14,987,503
Total Non-Current Assets		**159,770,469**	**163,279,668**
Total Assets		**235,438,878**	**237,914,155**
Current Liabilities			
Trade & other payables	15	32,287,916	30,863,653
Interest bearing liabilities	16	46,955,832	1,511,664
Lease liabilities	17	5,606,041	5,444,007
Current tax liability	5	850,404	3,164,633
Other financial liabilities	6	-	4,210,537
Provisions	19	7,993,029	7,158,800
Total Current Liabilities		**93,693,222**	**52,353,294**
Non-Current Liabilities			
Interest bearing liabilities	16	-	46,955,832
Lease liabilities	17	35,334,333	39,082,079
Deferred tax liabilities	20	18,386,294	19,656,105
Provisions	19	886,910	817,349
Total Non-Current Liabilities		**54,607,537**	**106,511,365**
Total Liabilities		**148,300,759**	**158,864,659**
Net Assets		**87,138,119**	**79,049,496**
Equity			
Contributed equity	21	53,179,543	51,293,402
Share Based Payments Reserve	22	648,402	178,083
Retained earnings		33,310,174	27,578,011
Total Equity		**87,138,119**	**79,049,496**

The Consolidated Statement of Financial Position is to be read in conjunction with the attached notes.

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PROBIOTEC LIMITED AND CONTROLLED ENTITIES
(ACN: 075 170 151)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity $	Share Based Payments $	Retained Earnings $	Total $
Balance as at 1 July 2021	50,693,401	68,121	17,851,723	68,613,245
Total comprehensive income for the year				
Profit for the year	-	-	13,706,658	13,706,658
Total comprehensive income for the year	**-**	**-**	**13,706,658**	**13,706,658**
Transactions with owners in their capacity as owners				
Shares / options issued during the year	600,001	109,962	-	709,963
Dividends paid or provided for	-	-	(3,980,370)	(3,980,370)
Balance as at 30 June 2022	**51,293,402**	**178,083**	**27,578,011**	**79,049,496**
Total comprehensive income for the year				
Profit for the year	-	-	11,018,186	11,018,186
Total comprehensive income for the year	**-**	**-**	**11,018,186**	**11,018,186**
Transactions with owners in their capacity as owners				
Shares / options issued during the year	1,668,700	687,760	-	2,356,460
Options exercised	217,441	(217,441)	-	-
Dividends paid or provided for	-	-	(5,286,023)	(5,286,023)
Balance as at 30 June 2023	**53,179,543**	**648,402**	**33,310,174**	**87,138,119**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the attached notes.

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PROBIOTEC LIMITED AND CONTROLLED ENTITIES
(ACN: 075 170 151)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Group 2023 $	Consolidated Group 2022 $
Cash Flows From Operating Activities			
Receipts from customers		229,484,737	193,103,560
Payments to suppliers and employees		(199,428,934)	(162,890,662)
Interest and other costs of finance paid		(5,773,875)	(4,286,051)
Income tax paid		(7,114,369)	(6,402,031)
Net cash provided by operating activities	24 (b)	17,167,559	19,524,816
Cash Flows From Investing Activities			
Payment for property, plant and equipment	12 (a)	(7,741,037)	(4,865,702)
Payment for investment in subsidiaries	6	(3,593,625)	(9,540,348)
Payment for intangible assets		(2,402,592)	(2,067,155)
Net cash used in investing activities		(13,737,254)	(16,473,205)
Cash Flows From Financing Activities			
Proceeds from issues of shares		367,500	600,000
Dividends Paid		(5,286,023)	(3,980,370)
Lease repayments		(5,638,117)	(5,266,467)
Proceeds from equipment finance loans		773,181	1,172,037
Repayment of borrowings		(1,800,000)	(1,800,000)
Net cash used in financing activities		(11,583,459)	(9,274,800)
Net decrease in cash and cash equivalents held		(8,153,156)	(6,223,189)
Cash and cash equivalents at beginning of financial year		22,203,568	28,426,756
Cash and cash equivalents at end of financial year		**14,050,414**	**22,203,568**

The Consolidated Statement of Cash Flows is to be read in conjunction with the attached notes.

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Notes to the Financial Statements for the Year Ended 30 June 2023

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers Probiotec Limited ("the Company") and controlled entities ("the Group"). Probiotec Limited is a for-profit listed public company, incorporated and domiciled in Australia. The financial report is for the financial year ended 30 June 2023 and is presented in Australian dollars.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Convention

Except for cash flow information, the financial report has been prepared on an accrual basis and is applied on historical costs modified by the revaluation of selected non-current assets and financial liabilities for which the fair value basis of accounting has been applied.

Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Probiotec Limited comply with International Financial Reporting Standards (IFRS).

Restatement

The Group has restated it balance sheet for the comparative period (being 30 June 2022). The restatement is due to a reclassification of $2,625,411 of employee leave provisions from non-current to current. In addition, $1,697,191 of lease liability has been moved from current to non-current. Neither of these restatements impact on total assets, net assets or profit.

Working Capital Deficiency

The Group has a working capital deficiency (current assets less current liabilities) of $18,024,813 at 30 June 2023. The deficiency is caused by the Group's external borrowings maturing on 31 December 2023.

The Group has received formal approval for the refinance of all facilities on acceptable terms. The refinance is subject only to agreeing formal documentation, which is expected to be completed well before the expiry date of the current facilities.

Authorisation for Issue

This financial report was authorised for issue by the board of directors of Probiotec Limited on 24 August 2023.

Accounting Policies

(a) Principles of Consolidation

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Income Tax

(i) General

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities. The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate of 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.

Deferred tax balances are determined using the balance sheet liability method which calculates temporary differences based on the carrying amounts of an entity's asset and liabilities carried in the financial statements and their associated tax bases. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted on reporting date. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets will be recognised only to the extent that it is probable that future income tax profits will be available against which the assets can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and to comply with the conditions of the deductibility imposed by law.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable

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to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Inventories

Inventories, which include raw materials, work in progress and finished goods, are valued at the lower of cost and net realisable value. Costs comprise all cost of purchase and conversion, including material, labour and appropriate portion of fixed and variable overhead expenses. Costs have been assigned to inventory on hand at reporting date using either the first-in-first-out (F.I.F.O.) basis or the weighted average cost basis, depending on the nature of product being manufactured. Fixed overheads are allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(d) Property, Plant and Equipment

Plant and Equipment

Plant and equipment are stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation

The depreciable amount of property, plant and equipment is depreciated on a straight line basis over their useful lives to the group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant, Equipment and Other	5% to 33%

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(e) Impairment

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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(f) Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes corresponding adjustment to the related right-of-use asset) whenever the lease payments change due to changes in an index or rate in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

(g) Intangibles

i) Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity plus the amount of any non-controlling interests in the acquiree exceeds the fair value attributed to the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to these units or groups of units. Impairment is determined by assessing the recoverable amount of the cash-generating unit, or group of cash-generating units, to which the goodwill relates. Impairment losses recognised for goodwill are not subsequently reversed. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) Product Development

Product development costs and product dossiers ("Developed Products") are initially recognised at cost less any accumulated amortisation and accumulated impairment losses. Developed products with finite lives are amortised on a diminishing balance basis over a useful life of 20 years. Amortisation is included within administration and other expenses in the statement of comprehensive income.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable

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to the project can be measured reliably. Capitalised expenditure comprises costs of materials, services, direct labour and directly attributable overheads. Other development costs are expensed when they are incurred.

iii) Customer Relationships

Customer relationships are initially recognised at cost. They are tested at each reporting date for impairment and are carried at cost less any accumulated amortisation and accumulated impairment losses. Customer relationships with finite lives are amortised on a straight line basis over a useful life of 4 to 10 years. Amortisation is included within administration and other expenses in the statement of comprehensive income.

iv) Software

Software is stated at historical cost, including costs directly attributable to bringing it to the condition necessary for it to be capable of operating in the manner intended by management, less amortisation and any impairments.

Software is amortised on a straight line basis over their useful lives to the Group commencing from the time the software is held ready for use.

The amortisation rate for software is between 10% to 25%.

(h) Employee Benefits

i) Wages, Salaries & Annual Leave

Liabilities for employee benefits such as wages, salaries, annual leave and other current employee entitlements represent present obligations resulting from employees' services provided to reporting date, and are measured at the amount expected to be paid when the liabilities are settled.

ii) Long Service Leave

Liabilities relating to Long Service Leave are measured as the present value of the estimated future cash outflows to be made in respect to services provided by employees, up to the reporting date. Consideration is given to expected future wage levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The Group's obligations for Long Service Leave are presented as non-current provisions, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

iii) Superannuation

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred. The consolidated entity does not maintain any retirement benefit funds.

iv) Employee share based payments

Options are issued pursuant to an employee option plan. The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in the share-based payments reserve in equity. The fair value of options granted is measured using the Black Scholes and Monte Carlo models.

At each subsequent reporting date until vesting, the cumulative change to profit or loss is the product of:

- The grant date fair value of the options.
- The current best estimate of the number of securities that will vest, taking into account factors such as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions not being met.
- The expired portion of the vesting period.

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The Company provides limited recourse loans to employees to fund the exercise of options granted under the employee option plan. In accordance with AASB 2 these loan amounts are not recognised in the financial statements.

The limited recourse loan becomes repayable on the earliest of:

- The date, which is five years after the grant date of the limited recourse loan;
- When the employee ceases to be employed by the Company.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Classification and subsequent measurement

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets

Financial assets are subsequently measured at amortised cost.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires).

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

(j) Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised so as to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled, in exchange for those goods or services.

Revenue is recognised in accordance with the following five-step process:
1. Identifying the contract with the customer;
2. Identifying the performance obligations in the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations in the contract; and
5. Recognising revenue as and when the performance obligations are satisfied.

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Any difference between the stand-alone selling prices of the promised goods or services and the promised consideration on the contract is treated as a discount and allocated proportionately to performance obligations on contracts.

Contract Manufacturing

Revenue is recognised over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance to date. The Group applies the output method and recognises revenue based on the delivery of manufactured products as the measure of performance to date.

Interest revenue

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(k) Financing costs

Financing costs include interest income and expenses, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred except when directly attributable to the acquisition, construction or production of a qualifying asset, in which case they form part of the cost of the asset.

(l) Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology.

(m) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(n) Earnings per share

Basic earnings per share is determined by dividing the net profit attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share is determined by dividing the net profit attributable to members of the Company, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus elements.

(o) Contributed equity

Issued and paid up capital is recognised based on the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business

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combination is accounted for by applying the acquisition method. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

(q) Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Contingent consideration;

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Further details on fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy can be found in note 31.

(r) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Value in use calculation assumptions

The recoverable amount of each cash-generating unit used for impairment testing is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period (including a terminal value at the end of the 5 year period) except in cases where the useful life is less than 5 years, in which case this period is used.

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The discounted cash flows for each cash-generating unit is calculated based on management forecasts for sales, gross profit and resultant earnings. The assumed growth rate beyond the forecast cash flow period (being from year 2 onwards) and discount rate used in the determination of value in use were 0% and 11% respectively. The discount rate used is the pre-tax Weighted Average Cost of Capital (WACC) of the Group at the reporting date, which is appropriate for each identified CGU.

Management's sensitivity analysis has determined that no impairment charge would arise as a result of any reasonable change in key assumption

Based on the recoverable amounts of the Group's CGUs exceeding their aggregate carrying amounts there was no impairment charge as at 30 June 2023. Management's sensitivity analysis has determined that no impairment charge would arise as a result of any reasonably possible change in key assumptions.

Impairment Testing for CGUs containing Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is allocated to the Group's cash generating units as follows:

	2023 $	2022 $
Multipack-LJM	25,592,594	25,592,594
HH Packaging Pty Ltd	2,177,865	2,177,865
ABS (Aus) Pty Ltd	17,376,052	17,376,052
South Pack Laboratories	8,165,041	8,165,041
LJM Marketing Services	11,231,282	11,231,282

The key assumptions used in the estimation of the recoverable amount relating to each CGU are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

Assumptions	2023 $
Forecast EBITDA growth rate (Year 1)	7% weighted average growth rate across all CGUs
Forecast EBITDA growth rate (Year 2 onwards)	Nil
Discount rate	11%
Terminal growth rate	Nil

(ii) Amortisation of intangibles

As detailed in Note 1 (g), the group has a policy of amortising intangible assets with a finite useful life over a period of 4 to 20 years (other than those which are subject to a fixed term license). The carrying value of those assets is set out in Note 14. The determination of the useful life of each intangible asset, which comprises capitalised product development costs, is based on the group's knowledge of each major category of intangible assets and the future economic benefits expected to be received from each. The group reassesses the useful life of intangible assets at each reporting date and at any future period may change the useful life of an intangible asset based on information available at that date.

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(iii) Capitalised Development Costs

The Group has a policy of capitalising development costs under certain conditions. A degree of judgement is used in assessing the suitability of these costs for capitalisation in regards to technically feasibility, adequate resources being available to complete the project, the probability that future economic benefits will be generated and that the expenditure attributable to the project can be measured reliably.

(iv) Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the Group will make. The Group determines the likeliness to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the Group.

(s) Prior Period Restatement

The Group has restated its balance sheet for the comparative period (being 30 June 2022). The restatement is due to a reclassification of $2,625,411 of employee leave provisions from non-current to current. In addition, $1,697,191 of lease liability has been moved from current to non-current. Neither of these restatements impact on total assets, net assets or profit.

(t) Accounting Standards Issued But Not Yet Effective:

- AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

- AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

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- AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

- AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7b makes various editorial corrections to AASB 17 Insurance Contracts which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

- AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

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2. REVENUE AND OTHER INCOME

	Note	2023	2022
		$	$
Continuing operations			
Revenue from contracts with customers	2(a)	214,028,475	182,327,582
Other income		-	1,351

2 (a) Disaggregation of Revenue

Continued operations		
Contract manufacturing	214,028,475	182,327,582
	214,028,475	182,327,582
Timing of revenue recognition		
At a point in time	-	-
Over time	214,028,475	182,327,582
	214,028,475	182,327,582

3. PROFIT FOR THE YEAR

Net profit has been arrived at after including:		
Finance cost - Interest bearing debt	3,565,486	1,935,084
Finance cost - Leases	2,208,389	2,350,967
Foreign currency translation losses	63,919	72,019
Bad and doubtful debts expense - trade receivables	(394,783)	267,205
Short term lease expenses	-	610,560
Professional and consulting expenses	701,253	802,071
Employee benefits expenses	71,195,922	63,340,263
Repairs and maintenance expenses	1,144,485	2,263,578
Depreciation of property, plant and equipment	3,917,339	3,583,571
Depreciation - right of use assets	6,435,002	5,421,972
Amortisation of intangibles	3,690,295	3,327,787
Defined contribution superannuation expense	6,052,342	5,432,487

4. ADMINISTRATION & OTHER EXPENSES

Administration & other expenses comprises:		
Insurance	1,142,809	1,124,110
Office expenses	1,069,339	820,191
Compliance costs	234,243	324,655
Employee benefits	17,062,303	13,947,035
Transaction costs	476,061	1,090,298
Amortisation of customer relationship intangibles	2,730,514	2,434,960
Other expenses	7,131,315	6,498,483
	29,846,584	**26,239,732**

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5. INCOME TAX EXPENSE

	Note	2023	2022
		$	$
(a) Components of Tax Expense:			
Current income tax		5,201,319	5,882,765
Deferred income tax	20	(363,905)	(1,204,474)
Under/(over) provision in respect of prior periods - current tax		(281,238)	(349,240)
		4,556,176	**4,329,051**
The average applicable tax rates were:			
Profit		29.3%	24.0%
The effective rate in the prior year was affected by fair value adjustments on Multipack-LJM contingent consideration which was not taxable.			
(b) Reconciliation of income tax expense to prima facie tax payable on profit			
Profit		15,574,362	18,035,709
Prima facie tax expense on profit before income tax at 30% (2021: 30%)		4,672,309	5,410,713
Add Tax effect of:			
Under/ (over) provision in respect of prior periods		(281,238)	(283,266)
Temporary differences not recognised		(79,258)	(290,598)
Non-assessable income		-	(831,206)
Other non allowable or assessable items		244,363	323,408
Income tax expense		4,556,176	4,329,051
Current tax payable		850,404	3,164,633

6. OTHER FINANCIAL LIABILITIES

Multipack-LJM Pty Ltd and L.J.M. Marketing Services Pty Ltd – Contingent consideration

	2023
Opening balance	4,210,537
Payments made to vendors	(3,593,625)
Fair value adjustments recognised through profit and loss	(616,912)
Closing balance	**-**

In March 2023, payments amounting to $3,593,625 were made to the vendors of Multipack-LJM in fulfillment of year two deferred consideration and earn outs.

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7. KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES DISCLOSURES

Full details of Key Management Personnel and their related party disclosures are set out in the Remuneration Report section of the Directors Report.

(a) Key management personnel compensation:	2023	2022
	$	$
Short-term employee benefits	2,500,852	2,228,047
Post-employment benefits	141,825	123,515
Other long term benefits	43,529	53,557
Share-based payments	603,250	282,661
Total compensation	**3,289,456**	**2,687,780**

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits
These amounts are the current-year's estimated costs of providing for the Group's superannuation contributions made during the year.

Other long term benefits
These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share Based Payments
These amounts represent share options and/or performance rights that have been issued to executives.

Loans provided to executives
Limited recourse loans have been provided to 5 executives of the Company to facilitate the exercise of options. These loans are secured against the shares issued as part of the option exercise and recourse is limited to the forfeiture of these shares. In accordance with AASB 2 these loan amounts are not recognised in the financial statements. The details of the loans associated with key management personnel are:

		30 June 2023		30 June 2022	
Key Management Personnel	Loan expiry date	Loan Amount $	Shares secured against loan No.	Loan Amount $	Shares secured against loan No.
Wes Stringer	19/10/2026	2,642,976	1,260,000	2,642,976	1,260,000
Wes Stringer	24/10/2025	3,616,000	3,600,000	3,616,000	3,600,000
Jared Stringer	19/10/2026	1,803,936	860,000	1,803,936	860,000
Jared Stringer	24/10/2025	2,048,000	2,300,000	2,048,000	2,300,000
Julie McIntosh	19/10/2026	1,552,224	740,000	1,552,224	740,000
Julie McIntosh	24/10/2025	757,500	750,000	1,125,000	1,250,000
		12,420,636	**9,510,000**	**12,788,136**	**10,010,000**

During the year, the loan agreements with executives were varied to allow the executive to elect for any dividends paid by the Company to either be applied against the outstanding loan balance or received in cash. During the year, a total of $618,150 was paid out in cash to executives who elected to receive their dividends in cash. These dividends remain part of the security pool attached to these loans.

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8. REMUNERATION OF AUDITORS

	2023 $	2022 $
Amounts paid/payable to SW Audit for:		
Audit services		
Auditing or reviewing the financial report	276,000	230,000
	276,000	230,000

9. DIVIDENDS

	2023		2022	
Recognised Amounts	Cents per Share	Total $	Cents per Share	Total $
Fully Paid Ordinary Shares				
Interim dividend for half year ended 31 December, fully franked at 30% corporate tax rate	3.00	2,439,704	2.00	1,626,468
Final dividend for year ended 30 June, fully franked at 30% corporate tax rate	3.50	2,846,319	3.00	2,353,902
Unrecognised Amounts				
Fully paid ordinary shares				
Final dividend for year ended 30 June, fully franked at 30% corporate tax rate	3.50	2,846,319	3.50	2,746,219

Dividend franking account	2023 $	2022 $
Amount of franking credits available for subsequent years	8,228,848	1,826,272

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10. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
CURRENT		
Trade accounts receivable - third parties	36,847,174	32,085,970
Less: allowance for impairment of receivables	(461,195)	(855,978)
Total current trade and other receivables	**36,385,979**	**31,229,992**

(a) An analysis of trade receivables that are past due but not impaired at the reporting date:

	2023 Gross $	2023 Allowance $	2022 Gross $	2022 Allowance $
Not past due	26,937,376	(134,687)	29,952,151	(149,761)
Past due 1 - 30 days	9,201,465	(46,007)	1,461,171	(33,569)
Past due 31 - 60 days	483,996	(56,164)	333,613	(333,613)
Past 61 days	224,337	(224,337)	339,035	(339,035)
	36,847,174	**(461,195)**	**32,085,970**	**(855,978)**

(b) Impaired trade receivables

Trade debtors are generally extended on credit terms of between 14 days to 120 days. Any individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations.

Movements in the provision for impairment of receivables are as follows:

	2023 $	2022 $
At 1 July	**855,978**	**374,542**
Provision for impairment recognised during the year	140,215	481,436
Reversal of debtors provision	(534,998)	-
At 30 June	**461,195**	**855,978**

Payment terms on receivables past due but not considered impaired have not been renegotiated. The Group has been in direct contact with the relevant customers and are reasonably satisfied that payment will be received in full.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

(d) Interest rate risk

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 27.

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11. INVENTORIES

	2023 $	2022 $
CURRENT		
Raw materials - at cost	21,981,029	19,481,044
Work in progress - at cost	1,334,550	591,252
Finished goods - at cost	1,540,785	666,283
Provision for obsolescence	(1,066,135)	(1,136,945)
	23,790,229	**19,601,634**

Provision for obsolescence relates to raw materials and packaging materials that it is anticipated will not be used either due to obsolescence, being slow movings or expiry dating. In the majority of cases, obsolete or slow moving inventory is chargeable to customers under formal supply agreements.

12. PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
Plant & equipment - at cost	49,971,869	46,825,830
Less: Accumulated depreciation	(21,181,145)	(19,059,342)
Work in progress	2,888,977	-
TOTAL PROPERTY, PLANT AND EQUIPMENT	**31,679,701**	**27,766,488**

(a) Movements in Carrying Amounts

Consolidated Group	Work in progress $	Plant, Equipment & Other $	Total $
Carrying amount at 1 July 2021	-	26,495,463	26,495,463
Additions	-	4,865,702	4,865,702
Acquisitions	-	563,410	563,410
Depreciation and amortisation	-	(4,158,087)	(4,158,087)
Carrying amount at 30 June 2022	-	**27,766,488**	**27,766,488**
Carrying amount at 1 July 2022	-	27,766,488	27,766,488
Additions	2,888,977	4,852,059	7,741,036
Transfer from right use of assets	-	89,516	89,516
Depreciation and amortisation	-	(3,917,339)	(3,917,339)
Carrying amount at 30 June 2023	**2,888,977**	**28,790,724**	**31,679,701**

The Group has a balance of $4.4 million that is committed but not paid as at 30 June 2023. This amount relates to capital projects at various stages of progress.

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13. INTANGIBLE ASSETS

Intangible summary and reconciliation	2023 $	2022 $
Software	1,500,632	963,235
Accumulated amortisation	(1,173,515)	(726,987)
	327,117	236,248
Goodwill at cost	64,542,834	64,542,834
	64,542,834	64,542,834
Customer relationships	17,572,151	17,572,151
Accumulated amortisation	(8,251,954)	(5,521,439)
	9,320,197	12,050,711
Developed products at cost	18,577,116	11,756,170
Accumulated amortisation	(8,717,876)	(7,161,828)
	9,859,240	4,594,342
Products under development at cost	652,515	4,654,987
	652,515	4,654,987
Total intangible assets	**84,701,903**	**86,079,122**

The Group has capitalised product development costs ("Developed Products"). Developed products incorporate formulations, registrations, Therapeutic Goods Administration (TGA) listings, stability and validation data, and manufacturing and testing procedures.

Reconciliation of Intangible Assets:

	Software	Goodwill	Customer relationships	Developed Products	Products under Development	Total
Opening balance as at 1 July 2021	559,780	62,364,969	13,279,070	4,912,653	3,124,315	84,240,788
Acquisitions	-	2,177,865	1,206,601	-	-	3,384,466
Additions	250,985	-	-	-	1,530,672	1,781,656
Amortisation	(574,516)	-	(2,434,960)	(318,311)	-	(3,327,787)
Closing balance as at 30 June 2022	**236,248**	**64,542,834**	**12,050,711**	**4,594,342**	**4,654,987**	**86,079,122**
Opening balance as at 1 July 2022	236,248	64,542,834	12,050,711	4,594,342	4,654,987	86,079,122
Acquisitions	-	-	-	-	-	-
Additions	537,397	-	-	-	1,775,680	2,785,124
Transfer of commercialised product	-	-	-	5,778,152	(5,778,152)	-
Amortisation	(446,528)	-	(2,730,514)	(513,253)	-	(3,690,295)
Closing balance as at 30 June 2023	**327,117**	**64,542,834**	**9,320,196**	**9,859,241**	**652,515**	**84,701,903**

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14. DEFERRED TAX ASSETS

	2023 $	2022 $
Deferred tax assets is comprised as follows:		
Temporary differences - provisions	3,121,596	2,495,286
Temporary differences - leases	10,259,103	11,175,088
Temporary differences - other	700,898	1,317,128
	14,081,597	**14,987,503**

15. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade accounts payable	23,184,046	20,546,989
Sundry creditors & accruals	7,153,189	8,411,698
GST payable	1,950,681	1,904,966
	32,287,916	**30,863,653**

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Foreign exchange risk

Amounts payable in foreign currencies	2023 $	2022 $
Current		
Euro	98,151	131,116
US Dollars	2,582,103	705,194
	2,680,254	**836,310**

Detailed information about the Group's and the parent entity's exposure to foreign currency risk in relation to trade and other payables is provided in Note 27.

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16. INTEREST-BEARING LIABILITIES

	2023 $	2022 $
CURRENT		
Secured borrowings		
Term loans	46,955,832	1,511,664
	46,955,832	**1,511,664**
NON-CURRENT		
Secured borrowings		
Term loans	-	46,955,832
	-	**46,955,832**

(a) Total current and non-current secured liabilities:

Bank loans	46,955,832	48,467,496
	46,955,832	**48,467,496**

(b) Key terms and conditions:

The bank covenants require cashflow for debt service to EBITDA to exceed 1.40 times and the ratio of financial indebtedness to EBITDA of less than 2.5 times, where EBITDA excludes extraordinary items. The Group is in compliance with the bank covenants. The facilities for the bank loans expire on 31 December 2023 and the refinance of these loans has been agreed with the incumbent lender, subject to legal documentation being agreed.

The bank loans provided by Commonwealth Bank are secured by cross guarantees between Probiotec Limited and its controlled entities.

The terms and conditions (in addition to those outlined above) are customary for a loan of this type. There are no terms or conditions that are considered extraordinary or onerous.

The facilities have an expiry date of 31 December 2023. Formal approval has been received from the incumbent lender on terms acceptable to the Company and these facilities are expected to be refinanced well before the expiry date. The current facilities have an interest rate equal to BBSY + 2% per annum.

(c) Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 27.

(d) Security over loans

The bank loans provided by Commonwealth Bank are secured by cross guarantees between Probiotec Limited and its controlled entities. In addition a general security agreement is in place whereby the Commonwealth Bank has a fixed and floating charge over the Group's assets up to the value of loans provided.

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17. LEASE LIABILITIES

Maturity Analysis of lease liabilities:	
Year 1	7,644,253
Year 2 to 5	17,438,392
Year 5+	29,336,837
	54,419,482
Less: Unearned interest	(12,946,679)
	41,472,803
Analysed as:	
Current	5,606,041
Non-current	35,334,333
	40,940,374

Several of the leases contain options to extend for which the Group does not have a current intention to exercise. Leases have varying mechanisms for annual rent reviews, including CPI linked escalations and fixed percentage escalations (between 3% to 4%).

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18. RIGHT OF USE ASSETS

	2023 $	2022 $
Leased buildings & assets		
Right-of-use asset	48,738,035	50,454,040
Accumulated amortisation	(19,430,767)	(16,007,485)
	29,307,268	**34,446,555**

(a) Movements in carrying amounts of right of use assets

2023	$
Opening Balance	34,446,555
Additions	1,828,144
Amortisation	(6,435,002)
Closing balance	**29,839,697**

2022	
Opening Balance	37,557,220
Additions from acquisitions	872,601
Other additions	1,438,706
Amortisation	(5,421,972)
Closing balance	**34,446,555**

The Group leases several buildings. The average lease term 8 years, with a remaining average lease term of 6 years. Right-of-use asset additions for the 2023 financial year amounted to $1,828,144.

The Group does not have any leases which contain variable lease payments.

AASB 16 related amounts recognised in the statement of profit and loss

	2023 $	2022 $
Depreciation charge related to right-of-use assets	6,435,002	5,421,972
Interest expense on lease liabilities	2,208,389	2,350,967
Short-term lease expenses	-	610,560
Total AASB 16 related expenses	**8,643,391**	**8,383,499**
Total cash outflows for leases	**8,013,236**	**8,338,640**

The Group has $12.8 million of bank guarantees drawn and held by the landlords attached to the leases for our various manufacturing and packing sites.

The Company has executed an Agreement for Lease for a new purpose built facility to house our New South Wales based businesses. The facility is scheduled to commence operation in January 2025 and a 15 year lease term has been agreed.

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19. PROVISIONS

	2023 $	2022 Restated $
CURRENT		
Employee benefits (a)	7,993,029	7,158,800
	7,993,029	**7,158,800**
NON-CURRENT		
Employee benefits (a)	886,910	817,349
	886,910	**817,349**
Total provisions	**8,879,939**	**7,976,149**

Provision for employee benefits represents accrued annual leave along with an allowance for long service leave either earned by employees and not yet taken or partly earned. For partly earned long service leave, historical retention rates are used to determine likelihood of achieving fully vested long service leave.

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20. DEFERRED TAXES

	2023 $	2022 $
Deferred taxes is comprised as follows:		
Deferred tax assets (Note 14)	14,081,597	14,987,503
Deferred tax liabilities - temporary differences (a)	(18,386,294)	(19,656,105)
Net deferred tax liabilities	**(4,304,697)**	**(4,668,602)**
Deferred tax expense debit / (credit) to income tax expense	(363,905)	(1,270,447)
Deferred tax expense charged to equity	-	-

(a) Deferred tax liabilities comprises:

Temporary differences - capitalised development costs	(5,548,472)	(5,223,184)
Temporary differences - other	(12,837,822)	(14,432,921)
	(18,386,294)	**(19,656,105)**

Reconciliation of net deferred tax liabilities:

	$
Opening balance as at 1 July 2021	(5,513,238)
Add: deferred tax expense	1,206,616
Add: acquired	(361,980)
Closing as at 30 June 2022	**(4,668,602)**
Add: deferred tax expense	363,905
Closing balance as at 30 June 2022	**(4,304,697)**

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21. CONTRIBUTED EQUITY

	2023 $	2022 $
81,323,406 (2022: 81,323,406) fully paid ordinary shares	53,179,543	51,293,402
Reconciliation of fully paid ordinary shares		
Balance at beginning of the financial year	51,293,401	50,693,401
Issue of shares	367,500	600,000
Conversion of share options	217,441	-
Dividends applied against limited recourse loans	1,301,201	-
Balance at end of financial year	**53,179,543**	**51,293,401**

	2023 No.	2022 No.
Reconciliation of ordinary shares		
Balance at the beginning of reporting period	81,323,406	78,463,406
Shares issued on exercise of options	-	2,860,000
Balance at end of the report date	**81,323,406**	**81,323,406**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the numbers of shares held.

At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholders has one vote on a show of hands. The shares do not have a par value.

(a) Capital management

The Group's objective is to maintain a strong capital base to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain an optimal capital structure to reduce the cost of capital.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to externally imposed capital requirements other than those set out in Note 16.

The Group effectively manages the Group's capital by monitoring its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The level of gearing in the Group is periodically reviewed by the Board to ensure that a responsible level of gearing is maintained. The directors consider that the Group is currently operating at a responsible gearing level. The gearing ratios at 30 June 2023 and 30 June 2022 were as follows:

	2023 $	2022 $
Total borrowings	48,699,400	50,066,572
Less cash and cash equivalents	(14,050,414)	(22,203,568)
Net debt	34,648,986	27,863,004
Total contributed equity	53,179,543	51,293,402
Total capital employed	**87,828,529**	**79,156,406**
Gearing ratio	39.5%	35.2%

There were no changes to the Group's approach to capital management from the prior year.

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22. SHARE BASED PAYMENTS

(a) Incentive Option Scheme

Employee incentive scheme options for the year ended 30 June 2023

The following incentive scheme options were issued to eligible employees, including key management personnel:

Grant Date	Vesting date	Expiry date	Exercise price ($)	Balance at start of year number	Options granted during the year number	Options exercised during the year number	Balance at end of year number	Vested and exercisable at end of year
27.10.2020	26.10.2022	26.10.2023	2.12	500,000	-	-	500,000	500,000
30.11.2022	31.08.2025	31.08.2027	-	-	816,667	-	816,667	-
30.11.2022	31.08.2026	31.08.2027	-	-	816,667	-	816,667	-
30.11.2022	31.08.2027	31.08.2027	-	-	816,666	-	816,666	-
24.11.2021	24.08.2023	23.11.2024	-	225,000	-	-	225,000	-
Weighted average exercise price				$1.45	-	-	$0.33	$2.12

Employee incentive scheme options for the year ended 30 June 2022

The following incentive scheme options were issued to eligible employees, including key management personnel:

Grant Date	Vesting date	Expiry date	Exercise price ($)	Balance at start of year number	Options granted during the year number	Options exercised/ lapsed during the year number	Balance at end of year number	Vested and exercisable at end of year
27.10.2020	26.10.2022	26.10.2023	2.12	3,360,000	-	(2,860,000)	500,000	-
24.11.2021	24.08.2023	23.11.2024	0.00	-	225,000	-	225,000	-
Weighted average exercise price				$2.12	-	$2.12	$1.45	-

Limited recourse loans have been provided to 5 executives of the Company to facilitate the exercise of options. These loans are secured against the shares issued as part of the option exercise and recourse is limited to the forfeiture of these shares. The details of the loans associated with key management personnel are:

		30 June 2023		30 June 2022	
Loan Type	Loan Expiry Date	Loan Amount ($)	Shares secured against loan No.	Loan Amount ($)	Shares secured against loan No.
Executive loan	24.10.2025	6,878,500	7,250,000	7,285,000	7,750,000
Executive loan	19.10.2026	5,999,136	2,860,000	5,999,136	2,860,000
		12,877,636	**10,110,000**	**13,284,136**	**10,610,000**

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23. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions between related parties are on normal commercial terms and conditions no favourable than those available to other parties unless otherwise stated. No balances have been written off and no provision for doubtful debts has been made against any balances with related parties.

Associated companies	**2023 $**	**2022 $**
Payments were made to Arnold Bloch Leibler, an entity associated with Mr Jonathan Wenig (director). These payments were for the provision of legal services. Arnold Bloch Leibler became a related entity on 1 June 2020.	403,637	820,503
Amounts payable to Arnold Bloch Leibler at year end	104,362	162,917

Key Management personnel

There were no transactions between Key Management Personnel and Probiotec Limited or any of its subsidiaries during the year ended 30 June 2023 other than as disclosed above and in note 7.

Identification of Related Parties - Ultimate Parent Entity

The ultimate parent company is Probiotec Limited which is incorporated in Australia.

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24. NOTES TO THE STATEMENT OF CASH FLOWS

	2023 $	2022 $
(a) Financing facilities with banks		
Secured bank overdraft facility:		
Facility balance	1,000,000	1,000,000
Amount used	-	-
Amount unused	1,000,000	1,000,000
Secured term loan and working capital facilities with banks:		
Term loans:		
Facility granted	46,955,832	48,467,496
Amount used	(46,955,832)	(48,467,496)
Amount unused	-	-
Trade finance facilities:		
Facility balance	8,500,000	8,500,000
Amount used	-	-
Amount unused	8,500,000	8,500,000
Equipment finance facilities:		
Facility balance	8,000,000	3,000,000
Amount used	(1,743,568)	(1,599,076)
Amount unused	6,256,432	1,400,924
(b) Reconciliation of Profit from Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities:		
Profit after related income tax	11,018,186	13,706,658
Fair value adjustments	(616,912)	(2,770,685)
Depreciation and amortisation	14,042,636	12,333,330
Employee share plan expenses	687,760	452,180
(Decrease)/increase in net deferred taxes	363,905	(1,270,447)
(Increase)/decrease in inventories	(4,188,595)	(5,326,509)
(Increase)/decrease in trade and other receivables	(5,155,987)	(6,778,891)
(Increase)/decrease in other current assets	157,506	(560,690)
Increase/(decrease) in trade and other payables	2,269,499	10,429,940
Increase/(decrease) in tax liabilities	(2,314,229)	(864,838)
Increase/(decrease) in provisions	903,790	174,768
Net cash from operating activities	17,167,559	19,524,816

Non-cash financing and investing activities:

During the year the Group acquired plant and equipment with an aggregate value of $969,862 (2022: $1,438,706) by means of finance leases.

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(c) Reconciliation of liabilities from financing activities:

		Non-cash changes			
	2022	Cash flows	Reclassification	Foreign exchange movement	Fair Value changes	2023
Long-term borrowings	46,955,832	-	(46,955,832)	-	-	-
Short-term borrowings	1,511,664	(1,511,664)	46,955,832	-	-	46,955,832
Lease liabilities	44,526,086	(3,053,283)	-	-	-	41,472,803
Other financial liability	64,824	(64,824)	-	-	-	-
	93,058,406	**(4,629,771)**	**-**	**-**	**-**	**88,428,635**

25. EARNINGS PER SHARE

	2023 $	2022 $
Earnings used in the calculation of basic and dilutive EPS	11,018,186	13,706,658
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	81,323,406	80,140,228
Weighted average number of options outstanding	1,692,710	28,889
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	**83,016,116**	**80,169,117**
Earnings per share:		
Basic earnings per share (cents)	13.6	17.1
Diluted earnings per share (cents)	13.3	17.1

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26. SUBSIDIARY INFORMATION

Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

		Ownership Interest Held by the Group	
		2023	2022
Name of subsidiary	**Principal Place of Business**	%	%
Probiotec Pharmaceuticals Pty Ltd	Australia	100	100
Probiotec Pharma Pty Ltd	Australia	100	100
Biotech Pharmaceuticals Australia Pty Ltd	Australia	100	100
Biotech Pharmaceuticals Pty Ltd	Australia	100	100
Probiotec (NSW) Pty Ltd	Australia	100	100
Australian Dairy Proteins Pty Ltd	Australia	100	100
Milton Pharmaceuticals Pty Ltd	Australia	100	100
Willie Labs Generics Pty Ltd	Australia	100	100
South Pack Laboratories (Aust) Pty Ltd	Australia	100	100
LJM Marketing Services Pty Ltd	Australia	100	100
Multipack-LJM Pty Ltd	Australia	100	100
LJM (NSW) Pty Ltd	Australia	100	100
HH Packaging Pty Ltd	Australia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

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27. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of receivables, payables, bank loans and overdrafts, equipment finance leases, loans from related parties, cash and short-term deposits.

The Board of Directors has overall responsibility for establishment and oversight of the risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for approving and reviewing the Group's financial risk management strategy and policy. The Group manages its exposure to key financial risks in accordance with the Group's risk management policy approved by the Board of Directors to enable the risks to be balanced against appropriate rewards for the taking and managing of the risks.

Risk management policies are established to identify, assess and control the risks which affects its business and are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Management Committee overseas how management monitors compliance with the Group's risk management policies and procedures including the review of the adequacy of the risk management framework with respect to the risks faced by the Group.

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Financial Risks

The main risks the Group is exposed to through its financial instruments are market risk, liquidity risk and credit risk.

(a) Market risk

(i) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in note 16. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group constantly analyses its interest rate exposure. The Group's current approach is to maintain up to 50% of its borrowings at fixed rate using fixed rate leasing to achieve this. During 2022 and 2023, the Group's borrowings at variable rates were denominated in Australian Dollars.

As at the reporting date, the Group had the following financial assets and liabilities exposed to variable interest rate risk:

		Floating interest rate maturing			
	Weighted average interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Total
2023	%	$	$	$	$
Financial Liabilities:					
Term Loans	6.5	46,955,832	-	-	46,955,832
Total financial liabilities		46,955,832	-	-	46,955,832

		Floating interest rate maturing			
	Weighted average interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Total
2022	%	$	$	$	$
Financial Liabilities:					
Term Loans	4.1	1,511,664	46,955,832	-	48,467,496
Total financial liabilities		1,511,664	46,955,832	-	48,467,496

Sensitivity analysis

Based on the financial assets and liabilities held as at 30 June 2023, an increase in interest rates would have the following financial impact on the Group. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

	Profit
2023	$
1%	(469,558)
2%	(939,117)
2022	
1%	(262,639)
2%	(525,279)

A reduction in interest rates at 30 June would have the equal but opposite effect to the amount shown above on the basis that other variables remain constant.

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(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments such as borrowing repayments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of available funding through an adequate amount of committed credit facilities such as bank overdrafts, bank loans and equipment finance leases.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and to have sufficient liquidity to meet its liabilities when due.

In addition, the Group had access to undrawn credit facilities available for use at the reporting date which would further reduce the liquidity risk. For further details see Note 24(a).

Maturities of financial liabilities

Consolidated Group

2023	Carrying amount $	Total contractual cash flows $	Less than 6 months $	6 - 12 months $	1 - 5 years $
Non-derivative financial liabilities					
Trade and other payables	32,287,916	32,287,916	32,287,916	-	-
Contingent consideration	-	-	-	-	-
Lease Liabilities	40,940,374	54,419,482	3,822,127	3,822,127	46,775,229
Interest bearing liabilities	46,955,832	46,955,832	46,955,832	-	-
	120,184,122	**133,663,230**	**83,065,874**	**3,822,127**	**46,775,229**
2022					
Non-derivative financial liabilities					
Trade and other payables	30,863,653	30,863,653	30,863,653	-	-
Contingent consideration	4,210,537	4,210,537	-	4,210,537	-
Lease Liabilities	44,526,086	64,346,120	3,890,167	3,890,167	56,565,786
Interest bearing liabilities	48,467,496	48,467,496	450,000	1,061,664	46,955,832
	128,067,772	**147,887,806**	**35,203,820**	**9,162,368**	**103,521,618**

(c) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents as well as credit exposures to customers, including outstanding receivables from subsidiaries and financial guarantees given to entities within the Group. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in Note 10.

The Group's policy is to trade with recognised and credit-worthy third parties and as such no collateral is required. The Group manages its credit risk by assessing the credit quality and financial position of its customers including past experience and other factors. In addition, receivable balances are monitored on an ongoing basis minimising the exposure to bad debts.

(d) Fair values

The fair values of loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

For other assets and other liabilities the fair value approximates their carrying value.

There has been no change to the Group's method of calculating fair values of financial assets and financial liabilities since last year.

Fair values are materially in line with carrying values for all financial assets and liabilities.

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28. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Probiotec Limited, at 30 June 2023.

The information presented here has been prepared using consistent financial statements.

	2023	2022
	$	$
Current assets	60,312,440	28,998,845
Non-current assets	91,828,285	90,597,902
Total Assets	**152,140,725**	**119,596,747**
Current Liabilities	38,607,461	20,503,014
Non-current liabilities	48,225,648	49,061,663
Total Liabilities	**86,833,109**	**69,564,677**
Contributed equity	52,813,583	51,515,357
Retained earnings	11,845,631	(1,483,287)
Other reserve	648,402	178,083
Total equity	**65,307,616**	**50,032,070**
Profit for the year	(747,087)	2,371,885
Other Comprehensive income for the year	-	-
Total comprehensive income for the year	**(747,087)**	**2,371,885**

The parent company has not guaranteed any loans held by its subsidiaries other than as part of the cross guarantees set out in Note 16(e).

The parent entity is subject to contractual obligations in regards to the group's interest bearing liabilities as detailed in Note 16.

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29. DEED OF CROSS GUARANTEE

Probiotec Limited, Probiotec Pharma Pty Ltd and Multipack-LJM Pty Ltd, entered into a Deed of Cross Guarantee on 31 May 2023. The effect of the deed is that Probiotec Limited has guaranteed to pay any deficiency in the event of winding up of controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Probiotec Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Summary financial information for the closed group outlined above is set out below:

	2023 $
Current assets	93,106,804
Non-current assets	149,275,962
Total Assets	**242,382,766**
Current Liabilities	77,904,693
Non-current liabilities	68,879,816
Total Liabilities	**146,784,510**
Contributed equity	53,593,247
Retained earnings	41,356,607
Other reserve	648,402
Total equity	**95,598,256**
Profit for the year	4,297,145
Other Comprehensive income for the year	-
Total comprehensive income for the year	**4,297,145**

30. FAIR VALUE MEASUREMENTS

(a) The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value heirarchy:

		30 June 2023			
	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial liabilities					
Contingent consideration		-	-	-	-
Total financial liabilties recognised at fair value on a recurring basis		**-**	**-**	**-**	**-**

		30 June 2022			
	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial liabilities					
Contingent consideration		-	-	4,210,537	4,210,537
Total financial assets recognised at fair value on a recurring basis		**-**	**-**	**4,210,537**	**4,210,537**

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(b) Valuation techniques and unobservable inputs used to measure Level 3 fair values

Description	Fair Value at 30 June 2023	Valuation technique (s)	Significant Inputs Used
Financial liabilities			
Contingent consideration	-	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined based on a probability factor on the earn out being achieved.	- Forecast annual revenue - Forecast EBITDA;

(c) Reconciliation of recurring level 3 fair value measurements

	Contingent Consideration
Balance at the beginning of the year	4,210,537
Payment made to vendors of prior acquisitions	(3,593,625)
Revaluation	(616,912)
Balance at the end of the year	**–**

31. SEGMENT INFORMATION

The Group has one operating segment. The Board is the Chief Operating Decision Maker (CODM) of the Group. The Group engages in contract manufacturing and contract packaging. There is no discrete financial information available for the two service offerings and the CODM reviews performance of the Group on a consolidated level.

A customer of the Group contributed more than 10% of total revenue during the term with a total of $27.6 million for the 2023 financial year.

32. CONTINGENT LIABILITIES

There are no material contingent liabilities as at balance date other than those disclosed within this report.

33. SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs after the year end.

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PROBIOTEC LIMITED AND ITS CONTROLLED ENTITIES

ACN 075 170 151

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated entity.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Wesley Stringer
Director

Dated at Laverton this 24th day of August 2023

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Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROBIOTEC LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Probiotec Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment of non-financial assets including goodwill	
Key audit matter	**How our audit addressed the key audit matter**
Refer to Note 1(r)(i) *Value in use calculation assumptions* The Group holds $146 million of non-current assets including goodwill. Management considers impairment of non-financial assets including goodwill by preparing a value-in-use model for each of the identified cash-generating unit (CGU) to determine the recoverable amount. Value in use is calculated based on the discounted cash flows for each CGU based on management's forecasts for sales and EBITDA. Due to the high level of judgement involved, and the significant carrying amounts, we have determined that the recoverable amount is a key audit matter.	Our audit procedures included: • Obtaining an understanding and assessing key controls over the preparation of the value in use models • Obtaining an understanding of the methods, key assumptions and data used by management in the value in use models • Assessing whether the methods, key assumptions and data used by management were appropriate • Obtaining assistance from our valuation specialists to assess whether the methods and key assumptions were appropriate, and • Assessing the adequacy of the impairment disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Probiotec Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

SW

SW Audit
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 24 August 2023

Other information required by ASX Listing Rules

The information in this section is current as at 20 September 2023.

Substantial Holders in the entity, as disclosed in substantial holding notices given to the entity

Charles Wayne Stringer	9,744,868 fully paid ordinary shares
Paradice Investments	5,796,747 fully paid ordinary shares
Perpetual Limited and its related bodies corporate	4,154,424 fully paid ordinary shares
Wesley Stringer	5,195,873 fully paid ordinary shares

Holders of each class of equity securities

Security Classes	Holders	Total Units
	2,054	81,323,406

Voting rights attached to each class of equity securities

Each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Distribution schedule of number of holders of each class of equity securities

Security Classes	Holdings Ranges	Holders	Total Units	%
Fully Paid Ordinary	1-1,000	781	381,270	0.470
	1,001-5,000	779	2,017,612	2.480
	5,001-10,000	208	1,660,546	2.040
	10,001-100,000	236	7,328,152	9.010
	100,001-99,999,999,999	50	69,935,826	86.000
	Totals	**2,054**	**81,323,406**	**100.000**

Holders with less than a marketable parcel of the main class of securities

At the date of this report, a marketable parcel of fully paid ordinary shares was 234 or more shares.

Security Classes	Holdings Ranges	Holders	Total Units	%
Fully Paid Ordinary	0 – 192	110	3,908	0.005
	192 – 99,999,999,999	1,944	81,319,498	99.995
	Totals	**2,054**	**81,323,406**	**100.000**

Company secretaries

The secretary of Probiotec Limited is:

Mr. Jared Stringer

Full details and qualifications for the secretary can be found in the Directors' Report.

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20 largest holders of each class of quoted equity securities

At the date of this report, there is only one class of quoted equity securities, being fully paid ordinary shares. The 20 largest holders of this class at the date of this report were:

Holder Name	Holding	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,778,502	19.402
NATIONAL NOMINEES LIMITED	9,236,082	11.357
WESLEY STRINGER	4,860,000	5.976
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,715,541	5.799
INSTON PTY LTD <STRINGER SUPER FUND A/C>	4,052,359	4.983
MR JARED STRINGER	3,160,000	3.886
BNP PARIBAS NOMS PTY LTD <DRP>	2,828,920	3.479
CITICORP NOMINEES PTY LIMITED	2,446,220	3.008
MR CHARLES WAYNE STRINGER	2,438,574	2.999
INSTON PTY LTD <STRINGER FAMILY A/C>	2,330,313	2.865
BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	1,997,990	2.457
GANTER CORPORATION PTY LTD <GANTER FAMILY A/C>	1,993,015	2.451
BATH ROAD PTY LTD <BATH ROAD A/C>	1,801,881	2.216
JULIE MCINTOSH	1,490,000	1.832
MR ADAM JOSEPH AUNDRE RAWSON	1,042,794	1.282
MT SMITH GROUP PTY LTD <MT SMITH FAMILY A/C>	703,000	0.864
MR PETER WILLIAM COGHILL & MRS DEBBIE ANNE COGHILL <P & D COGHILL S/FUND A/C>	609,700	0.750
RATHVALE PTY LIMITED	604,204	0.743
MECS SUPER PTY LTD <MECS SUPER FUND A/C>	547,427	0.673
BNP PARIBAS NOMS (NZ) LTD <DRP>	540,532	0.665
	63,177,054	**77.686**

Registered Office and principal administrative office

The registered office and principal administrative office for Probiotec Limited is:
83 Cherry Lane, Laverton North, Victoria 3026
Ph: (03) 9278 7555

Register of securities, register of depositary receipts and other facilities for registration or transfer

All registers of securities, registers of depositary receipts and other facilities for registration or transfer are kept at:
Boardroom Limited
Level 7, 207 Kent Street, Sydney NSW 2000
Ph: (02) 9290 9600
Fax: (02) 9279 0664

Other stock Exchanges on which entity's securities are quoted

Securities in Probiotec Limited are not quoted on any other stock exchange other than the Australian Stock Exchange (ASX).

Restricted and Escrowed Securities

At the date of this report, the securities below were subject to restrictions:

Security Classes	Holders	Total Units
Fully paid ordinary shares – Secured under Executive Loans	5	10,110,000

On market buy-back

As at the date of this report, there is no on market buy-back operating.

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Probiotec Limited

ANNUAL REPORT 2023

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