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# Probiotec Limited

## INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2022

**PREPARED IN ACCORDANCE WITH ASX LISTING RULE 4.2A**

This document should be read in conjunction with the most recent annual financial report

The Probiotec Group

Probiotec Pharma · Multipack LJM · LJM partners in co packing · SPL SOUTH PACK LABORATORIES (AUST) PTY LTD · ABS Simply the best!

**Probiotec Limited**
ABN 91 075 170 151

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Laverton North, VIC 3026

+61 3 9278 7555
www.probiotec.com.au

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**Appendix 4D**

**Probiotec Limited**
**Half Year Report**
**For the half year ended 31 December 2022**

Results for announcement to market

Current Reporting Period: Half year ended 31 December 2022
Previous Corresponding Period: Half year ended 31 December 2021

| Reported results | | Movement | | ($'000) |
|---|---|---|---|---|
| Sales Revenue from continuing operations | Up | 25.4% | to | 106,770 |
| Earnings before interest, tax, depreciation & amortisation (EBITDA) | Up | 22.6% | to | 17,757 |
| Earnings before interest and tax (EBIT) | Up | 24.5% | to | 10,466 |
| Net profit from ordinary activities before tax attributable to members (NPBT) | Up | 20.1% | to | 7,541 |
| Net profit for the period attributable to members (NPAT) | Up | 22.9% | to | 5,461 |
| Earnings per share | Up | 19.3% | to | 6.71 ¢ |

| Underlying results[1] | | Movement | | ($'000) |
|---|---|---|---|---|
| Sales Revenue from continuing operations | Up | 25.4% | to | 106,770 |
| Earnings before interest, tax, depreciation & amortisation (EBITDA) | Up | 15.6% | to | 17,233 |
| Earnings before interest and tax (EBIT) | Up | 14.4% | to | 11,450 |
| Net profit from ordinary activities before tax attributable to members (NPBT) | Up | 8.2% | to | 8,525 |
| Net profit for the period attributable to members (NPAT) | Up | 5.3% | to | 5,992 |
| Earnings per share | Up | 2.2% | to | 7.37 ¢ |

[1] Results from continuing operations, excluding amortisation of acquired Intangibles and non-recurring transaction costs

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| | |
|---|---|
| Net Tangible assets per share as at 31 December 2022 | (4.5 ¢) |
| Net Tangible assets per share as at 31 December 2021 | (19.9 ¢) |

| Dividends (Ordinary shares) | Record Date | Amount per Security | Franked Amount per Security |
|---|---|---|---|
| Interim Dividend | 3 March 2023 | 3.0 cent | 3.0 cent |

**Dividends**

The directors have today declared an interim dividend of 3.0 cents per ordinary share, fully franked, and to be paid on 17 March 2023. The dividend will be payable to shareholders of record on 3 March 2023. The Interim dividend in the prior period was 2.0 cents per share. The company's Dividend Reinvestment Plan will not be operational for this dividend. This dividend does not relate to any conduit foreign income.

A final dividend of 3.5 cents per ordinary share relating to the 2022 financial year was paid during the half year.

**Additional Information**

Additional financial information is included in attached Interim Financial Report which has been reviewed by the Group's auditors.

**Audit Status**

This report is based on accounts which have been reviewed. The accounts are not subject to any dispute, emphasis of matter or qualification.

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**About Probiotec**

Probiotec Limited is a manufacturer, packer and distributor of a range of prescription and over-the-counter (OTC) pharmaceuticals, complementary medicines and consumer health products, and fast-moving consumer goods. The company owns six manufacturing facilities in Australia and distributes its products both domestically and internationally. Products are manufactured by Probiotec on behalf of a range of clients, including major international pharmaceutical companies.

Further details about Probiotec are available at www.probiotec.com.au

Authorised for release to the ASX by the board of directors.

**For further information contact:**

Wes Stringer
Managing Director
Ph: (03) 9278 7555

Probiotec Limited
ABN 91 075 170 151

83 Cherry Lane
Laverton North, VIC 3026

+61 3 9278 7555
www.probiotec.com.au

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# PROBIOTEC LIMITED
# AND ITS CONTROLLED ENTITIES
# A.C.N. 075 170 151

## FINANCIAL REPORT
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Probiotec Group
Probiotec Pharma
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## DIRECTORS' REPORT

The Directors submit the financial report of Probiotec Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2022.

### Directors

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

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

Directors have been in office since the start of the half-year reporting period to the date of this report unless otherwise stated.

### Company Secretary

The company secretary to the date of this financial report was:

Jared Stringer

The company secretary has been in office since the start of the half-year reporting period to the date of this report.

### Dividends

A dividend of 3.0 cents per fully paid ordinary share has been declared for the half year ended 31 December 2022 (2020: 2.0 cents). A dividend of 3.5 cents per fully paid ordinary share was paid during the half year ended 31 December 2022, being the final dividend relating to the financial year ended 30 June 2022.

### Review of operations

The Group's underlying[1] net operating profit after tax from continuing activities attributable to members for the half year was $6.0 million, up 5% on the prior corresponding period.

During the half year, the Group experienced a significant increase in demand, particularly in regarding to pharmaceutical manufacturing services. This saw revenue grow by 25% on the prior corresponding period. The heightened level of price inflation globally, together with labour shortages, have resulted in some compression of gross margins. Price rises have been enacted during the half year across the vast majority of the Group's customer base. These price increases are expected to progressively reverse this gross margin compression during the second half of the 2023 financial year.

### Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Group for the half-year ended 31 December 2022.

[1] Excluding non-recurring transaction costs, fair value gains and amortisation of customer relationships

**Significant After Balance Date Events**

There has not been any matters or circumstances that have arisen since the end of the half-year that have significantly affected or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in half-year subsequent to the end of the half-year.

**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 3 of this report.

Signed in accordance with a resolution of the Board of Directors.

…….
Director
Wesley Stringer

Signed at Melbourne this 23rd day of February 2023

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Accountants & Advisors

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# 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 half-year ended 31 December 2022 there have been:

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

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

SW

**SW Audit** (formerly ShineWing Australia)
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 23 February 2023

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800

sw-au.com

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**PROBIOTEC LIMITED**
**A.C.N. 075 170 151**

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

| | Note | Consolidated Half-year ended 31 Dec 2022 $ | Consolidated Half-year ended 31 Dec 2021 $ |
|---|---|---|---|
| Sales revenue | 4 | 106,770,158 | 85,160,657 |
| Cost of goods sold | | (74,901,055) | (58,538,591) |
| Gross profit | | 31,869,103 | 26,622,066 |
| Other income | | 353 | 51,819 |
| Warehousing and distribution expenses | | (4,758,595) | (2,793,283) |
| Sales and marketing expenses | | (2,412,864) | (2,095,584) |
| Finance costs | | (2,925,279) | (2,130,953) |
| Fair value gain | 9 | 616,912 | - |
| Administration and other expenses | 5 | (14,848,569) | (13,375,355) |
| **Profit before income tax expense** | | 7,541,061 | 6,278,710 |
| Income tax expense | | (2,080,285) | (1,835,889) |
| **Profit for the period attributable to members of the parent entity** | | 5,460,776 | 4,442,821 |
| **Other Comprehensive income** | | | |
| Other comprehensive income / (loss) for the half-year, net of tax | | - | - |
| **Total comprehensive income for the half-year** | | 5,460,776 | 4,442,821 |
| **Total comprehensive income for the half-year attributable to members of the parent entity** | | 5,460,776 | 4,442,821 |
| **Earnings per share for profit attributable to members of the parent entity** | | | |
| Basic (cents per share) | | 6.71 | 5.63 |
| Diluted (cents per share) | | 6.62 | 5.61 |
| **Earnings per share for profit from continuing activities attributable to members of the parent entity** | | | |
| Basic (cents per share) | | 6.71 | 5.63 |
| Diluted (cents per share) | | 6.62 | 5.61 |

*The accompanying notes form part of these financial statements*

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# PROBIOTEC LIMITED
## A.C.N. 075 170 151

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2022

| | Note | Consolidated 31 Dec 2022 $ | Consolidated 30 Jun 2022 Restated $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 22,768,835 | 22,203,568 |
| Trade and other receivables | | 28,575,207 | 31,229,992 |
| Inventories | | 21,614,096 | 19,601,634 |
| Other current assets | | 2,106,825 | 1,599,293 |
| **Total Current Assets** | | 75,064,963 | 74,634,487 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | | 28,891,861 | 27,766,488 |
| Right of use assets | | 31,036,715 | 34,446,555 |
| Deferred tax assets | | 14,215,058 | 14,987,503 |
| Intangible assets | 8 | 85,912,973 | 86,079,122 |
| **Total Non-Current Assets** | | 160,056,607 | 163,279,668 |
| **Total Assets** | | 235,121,570 | 237,914,155 |
| **Current Liabilities** | | | |
| Trade and other payables | | 29,294,123 | 30,863,653 |
| Borrowings | | 48,161,664 | 1,511,664 |
| Lease liabilities | | 5,196,766 | 5,444,007 |
| Current tax liabilities | | 2,711,650 | 3,164,633 |
| Other financial liabilities | 9 | 3,593,625 | 4,210,537 |
| Provisions | | 7,790,598 | 7,158,800 |
| **Total Current Liabilities** | | 96,748,426 | 52,353,294 |
| **Non-Current Liabilities** | | | |
| Borrowings | | - | 46,955,832 |
| Lease liabilities | | 36,756,401 | 39,082,079 |
| Deferred tax liabilities | | 18,596,173 | 19,656,105 |
| Provisions | | 774,550 | 817,349 |
| **Total Non-Current Liabilities** | | 56,127,124 | 106,511,365 |
| **Total Liabilities** | | 152,875,550 | 158,864,659 |
| **Net Assets** | | 82,246,020 | 79,049,496 |
| **Equity** | | | |
| Contributed equity | 3 | 51,660,902 | 51,293,402 |
| Share Based Payments Reserve | | 392,377 | 178,083 |
| Retained earnings | | 30,192,741 | 27,578,011 |
| **Total Equity** | | 82,246,020 | 79,049,496 |

*The accompanying notes form part of these financial statements*
*Refer to Note 1(d) for details of the restatement*

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**PROBIOTEC LIMITED**
**A.C.N. 075 170 151**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

| | Ordinary Share Capital $ | Share Based Payments Reserve $ | 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 half-year** | | | | |
| Profit for the half-year | - | - | 4,442,821 | 4,442,821 |
| Asset sales | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income for the half-year** | - | - | 4,442,821 | 4,442,821 |
| **Transactions with owners in their capacity as owners** | | | | |
| Shares issued during the half year | | - | - | - |
| Share based payments | - | 58,873 | - | 58,873 |
| Dividends paid or provided for | - | - | (2,350,286) | (2,350,286) |
| **Balance as at 31 December 2021** | 50,693,401 | 126,994 | 19,944,258 | 70,764,653 |
| **Total comprehensive income for the half-year** | | | | |
| Profit for the half-year | - | - | 9,263,837 | 9,263,837 |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income for the half-year** | - | - | 9,263,837 | 9,263,837 |
| **Transactions with owners in their capacity as owners** | | | | |
| Shares issued during the half year | 600,001 | 51,089 | - | 651,090 |
| Dividends paid or provided for | - | - | (1,630,084) | (1,630,084) |
| **Balance as at 1 July 2022** | 51,293,402 | 178,083 | 27,578,011 | 79,049,496 |
| **Total comprehensive income for the half-year** | | | | |
| Profit for the half-year | - | - | 5,460,776 | 5,460,776 |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income for the half-year** | - | - | 5,460,776 | 5,460,776 |
| **Transactions with owners in their capacity as owners** | | | | |
| Shares issued during the half year | 367,500 | - | - | 367,500 |
| Share based payments expense | - | 214,294 | - | 214,294 |
| Dividends paid or provided for (see note 2) | - | - | (2,846,046) | (2,846,046) |
| **Balance as at 31 December 2022** | 51,660,902 | 392,377 | 30,192,741 | 82,246,020 |

*The accompanying notes form part of these financial statements*

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# PROBIOTEC LIMITED
# A.C.N. 075 170 151

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

| | Consolidated | |
|---|---|---|
| | Half-year ended 31 Dec 2022 $ | Half-year ended 31 Dec 2021 $ |
| **Cash Flows From Operating Activities** | | |
| Receipts from customers | 120,626,565 | 85,719,798 |
| Payments to suppliers and employees | (103,895,315) | (68,167,882) |
| Income tax paid | (3,036,332) | (3,425,967) |
| Interest and other costs of finance paid | (2,925,279) | (2,130,953) |
| Net cash provided by operating activities | 10,769,639 | 11,994,996 |
| **Cash Flows From Investing Activities** | | |
| Payments for property, plant and equipment | (3,418,680) | (1,958,571) |
| Prepayment made for acquisitions | - | (2,824,802) |
| Payments for intangible assets | (1,269,521) | (887,773) |
| Net cash used in investing activities | (4,688,201) | (5,671,146) |
| **Cash Flows From Financing Activities** | | |
| Dividends Paid | (2,846,046) | (2,350,286) |
| Proceeds from issue of shares | 367,500 | - |
| Proceeds from borrowings | 151,842 | 382,670 |
| Repayment of borrowings | (3,189,467) | (3,847,701) |
| Net cash used in financing activities | (5,516,171) | (5,815,317) |
| Net increase in cash and cash equivalents | 565,267 | 508,533 |
| **Cash and cash equivalents at the beginning of the period** | 22,203,568 | 28,426,756 |
| **Cash and cash equivalents at the end of the period** | 22,768,835 | 28,935,289 |

*The accompanying notes form part of these financial statements*

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## 1 BASIS OF FINANCIAL REPORT PREPARATION

**(a)** These general purpose interim financial statements for half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Probiotec Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year.

As there is only one operating segment, the results disclosed match the segment disclosures.

These interim financial statements were authorised for issue on 23 February 2023.

### (b) ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new or amended Accounting Standards.

### (c) WORKING CAPITAL DEFICIENCY

The Group has a working capital deficiency (current assets less current liabilities) of $23,786,769 at 31 December 2022. The deficiency is caused by the Group's external borrowings maturing on 31 December 2023.

The Group is yet to enter formal refinancing discussions with its lender, however informal discussions have been positive and the Group expects that the loan term will be extended comfortably in advance of the maturity date.

### (d) 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.

## 2 DIVIDENDS

| | 31 Dec 2022 $ | 31 Dec 2021 $ |
|---|---|---|
| **Ordinary Shares** | | |
| Dividends paid for during the half-year | 2,846,046 | 2,350,286 |
| Dividends not recognised at the end of the half-year | 2,439,702 | 1,626,468 |

Since the end of the half-year the directors have declared an interim dividend of 3 cents per fully paid ordinary share.

The interim dividend was declared on 23 February 2023 and is payable on 17 March 2023 with a record date for determining entitlements to the dividend of 3 March 2023.

## 3 CONTRIBUTED EQUITY

**Reconciliation of fully paid ordinary shares**

| | $ | Number of Shares |
|---|---|---|
| Balance at 1 July 2022 | 51,293,402 | 81,323,406 |
| Repayment of executive loans linked to fully paid ordinary shares | 367,500 | - |
| Balance at 31 December 2022 | 51,660,902 | 81,323,406 |

## 4 DISAGGREGATION OF REVENUE

The Group derives its revenue from the transfer of goods and services over time in the following major product lines.

| | Half-year ended 31-Dec-22 $'000 | 31-Dec-21 $'000 |
|---|---|---|
| Contract manufacturing | 106,770,158 | 85,160,657 |
| **Timing of revenue recognition** | | |
| At a point in time | - | - |
| Over time | 106,770,158 | 85,160,657 |
| | 106,770,158 | 85,160,657 |

## 5 ADMINISTRATION & OTHER EXPENSES

| Administration & other expenses comprises: | 31 Dec 2022 $ | 31 Dec 2021 $ |
|---|---|---|
| Accounting, Audit and legal fees | 442,166 | 329,860 |
| Transaction costs | 92,809 | 425,761 |
| Insurance | 584,577 | 611,489 |
| Employee costs | 8,042,449 | 7,207,410 |
| Office expenses | 557,193 | 499,030 |
| Compliance costs | 83,747 | 182,539 |
| Depreciation | 1,276,670 | 1,675,132 |
| Amortisation - non contractual customer relationships | 1,222,507 | 1,334,636 |
| Other expenses | 2,546,451 | 1,109,498 |
| | 14,848,569 | 13,375,355 |

## 6 SUBSEQUENT EVENTS

Other than the dividend disclosed in Note 2, 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 half year.

## 7 EXECUTIVE OPTION ISSUE

On 28 November 2022, 2,450,000 performance rights over fully paid ordinary shares were issued to eligible executives under the Probiotec Limited Executive Option Plan (being the long term incentive program for the executive team). The performance rights expire shortly after the release of the audited financial report for the 2027 and vest subject to achieving earnings per share and total shareholder returns (TSR) for the three, four and five year periods starting on 1 July 2022 and ending 30 June 2025, 2026 and 2027 and the relevant executive being continuously employed for the period to 30 June 2027.

## 8 INTANGIBLE ASSETS

**Reconciliation of intangible assets**

| | $ |
|---|---|
| Balance at 1 July 2022 | 86,079,122 |
| Capitalised development costs | 894,212 |
| Other additions | 784,366 |
| Amortisation | (1,844,727) |
| Balance at 31 December 2022 | 85,912,973 |

## 9 OTHER FINANCIAL LIABILITIES

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

On 1 January 2021, the Group acquired all of the issued shares of Multipack-LJM Pty Ltd and L.J.M. Marketing Services Pty Ltd, which comprise the operations of the Multipack LJM business (Multipack-LJM) for $52.5 million (subject to the vendors achieving certain deferred consideration hurdles), which includes an estimated contingent consideration of 13.1 million. Contingent consideration is subject to the achievement of EBITDA targets during each of the first two years post completion. The fair value of contingent consideration at 31 December 2022 is based on the actual performance for the second year following completion.

At 31 December 2022, the Group's estimate of the total fair value of the contingent consideration is $3,593,625. this figure represents the expected final payment to the vendors for this acqusition. A fair value gain of $616,912 was recognised during the half year based on lower than anticipated profitability driven primarily by the ongoing covid pandemic, supply chain disruptions and labour shortages.

| | 31-Dec-22 | 30-Jun-22 |
|---|---|---|
| **Current** | $ | $ |
| Multipack-LJM contingent consideration | 3,593,625 | 4,210,537 |
| | 3,593,625 | 4,210,537 |
| Total contingent consideration | 3,593,625 | 4,210,537 |

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# PROBIOTEC LIMITED
# AND ITS CONTROLLED ENTITIES
# A.C.N. 075 170 151

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Probiotec Limited, the directors of the company declare that:

The financial statements and notes are in accordance with the *Corporations Act 2001*, including:

a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and

b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.

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.

……..
Director
Wesley Stringer

Dated at Melbourne this 23rd day of February 2023

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# INDEPENDENT AUDITOR'S REVIEW REPORT

# TO THE MEMBERS OF PROBIOTEC LIMITED

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the half-year financial report of Probiotec Limited (the Company and its subsidiaries (the Group)) which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Responsibility of the Directors' for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date and

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complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

SW

**SW Audit** (formerly ShineWing Australia)
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 23 February 2023

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