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Probiotec Limited

INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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



Appendix 4D

Probiotec Limited Half Year Report For the half year ended 31 December 2021

Results for announcement to market

Current Reporting Period: Half year ended 31 December 2021

Previous Corresponding Period: Half year ended 31 December 2020

Reported results		Movement		(\$'000)
Sales Revenue from continuing operations	Up	100.0%	to	85,161
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Up	147.0%	to	14,486
Earnings before interest and tax (EBIT)	Up	158.4%	to	8,410
Net profit from ordinary activities before tax attributable to members (NPBT)	Up	191.8%	to	6,279
Net profit for the period attributable to members (NPAT)	Up	258.8%	to	4,443
Earnings per share	Up	239.8%	to	5.63 ¢

Underlying results ¹		Movement		(\$'000)
Sales Revenue from continuing operations	Up	100.0%	to	85,161
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Up	100.2%	to	14,912
Earnings before interest and tax (EBIT)	Up	78.3%	to	10,011
Net profit from ordinary activities before tax attributable to members (NPBT)	Up	74.7%	to	7,880
Net profit for the period attributable to members (NPAT)	Up	68.0%	to	6,044
Earnings per share	Up	59.1%	to	7.65 ¢

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

Net Tangible assets per share as at 31 December 2021	(19.9 ¢)
Net Tangible assets per share as at 31 December 2020	31.7 ¢

Dividends (Ordinary shares)	Record Date	Amount per Security	Franked Amount per Security
Interim Dividend	4 March 2022	2.0 cent	2.0 cent

Dividends

The directors have today declared an interim dividend of 2.0 cents per ordinary share, fully franked, and to be paid on 18 March 2022. The dividend will be payable to shareholders of record on 4 March 2022. This dividend is equal to the 2.0 cents in the prior period. 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 2021 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.

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

The Probiotec Group



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DIRECTORS' REPORT

The Directors submit the financial report of Probiotec Limited (Company) and its controlled entities (Group) for the half-year ended 31 December 2021.

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 (appointed 1 July 2021)
Paul Santoro	Non-Executive Director (appointed 1 February 2022)
Alexander Beard	Non-Executive Director (resigned 24 November 2021)
Greg Lan	Non-Executive Director (resigned 24 November 2021)

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 2.0 cents per fully paid ordinary share has been declared for the half year ended 31 December 2021 (2020: 2.0 cents). A dividend of 3.0 cents per fully paid ordinary share was paid during the half year ended 31 December 2021, being the final dividend relating to the financial year ended 30 June 2021.

Review of operations

The Group's underlying¹ net operating profit after tax from continuing activities attributable to members for the half year was \$6.0 million compared to a profit of \$3.6 million for the prior corresponding period, representing growth of 67%.

In light of the ongoing global covid-19 pandemic, the result for the half year shows the defensive and resilient nature of the Group's business.

The half year was one of considerable activity as the Group:

- ✓ Acquired the H&H Packaging business on 1 August 2021;
- ✓ Managed the unprecedented events from the global Covid-19 pandemic;
- ✓ Continued the integration of the Multipack-LJM acquisition;
- ✓ Continued to acquire and on-board new customers and contracts.

¹ Excluding non-recurring transaction costs and amortisation of customer relationships

Acquisition of H&H Packaging

On 1 August 2021, the Company acquired the assets and business of H&H Packaging (“H&H”) for total cash proceeds of (up to) \$4 million.

H&H is a Sydney-based contract packer and manufacturer with a 30-year operating history. The acquisition of H&H will deliver new customers to the Probiotec Group including exciting opportunities to service the industrial, chemical and agricultural markets, widening our overall reach into even more end markets. The acquisition will also add plastic molding capabilities that can be rolled out across the Probiotec business for our own internal needs as well as to our existing client base, adding an element of vertical integration to the Group. In time, certain H&H functions may be incorporated into the proposed Sydney site consolidation project.

H&H generated Revenue and EBITDA of approximately \$6 million and \$1 million respectively for the 12 months ended 30 June 2021. The transaction was funded from cash reserves.

Covid-19

In totality, the Group’s business experienced several impacts from the Covid-19 pandemic during the half year.

A decrease in demand for Cough, Cold and immunity products was the primary impact, together with increases in certain operating costs, including:

- employee costs due to government restrictions
- increased cleaning and sanitation
- increased personal protective equipment

No entities within the Group were able to access the JobKeeper program during the half year. The health and safety of our workforce is paramount and pleasingly, none of the Group’s facilities were closed at any time as a result of the Covid-19 pandemic.

Significant Changes in State of Affairs

There was no other 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 half-year ended 31 December 2021.

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 4 of this report.

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



.....
Director
Wesley Stringer

Signed at Melbourne this 24th day of February 2022

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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 2021 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.

ShineWing Australia
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 24 February 2022

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PROBIOTEC LIMITED
A.C.N. 075 170 151

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated	
		Half-year ended 31 Dec 2021 \$	Half-year ended 31 Dec 2020 \$
Sales revenue	4	85,160,657	42,583,375
Cost of goods sold		(58,538,591)	(27,048,087)
Gross profit		26,622,066	15,535,288
Other income		51,819	21,104
Warehousing and distribution expenses		(2,793,283)	(2,891,980)
Sales and marketing expenses		(2,095,584)	(634,690)
Finance costs		(2,130,953)	(1,102,554)
Administration and other expenses	5(a)	(13,375,355)	(8,775,162)
Profit before income tax expense		6,278,710	2,152,006
Income tax expense		(1,835,889)	(913,861)
Profit for the period attributable to members of the parent entity		4,442,821	1,238,145
Profit for the period attributable to members of the parent entity		4,442,821	1,238,145
Other Comprehensive income			
Other comprehensive income / (loss) for the half-year, net of tax		-	-
Total comprehensive income for the half-year		4,442,821	1,238,145
Total comprehensive income for the half-year attributable to members of the parent entity		4,442,821	1,238,145
Earnings per share for profit attributable to members of the parent entity			
Basic (cents per share)		5.63	1.66
Diluted (cents per share)		5.61	1.66
Earnings per share for profit from continuing activities attributable to members of the parent entity			
Basic (cents per share)		5.63	1.66
Diluted (cents per share)		5.61	1.66

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 2021

	Note	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Current Assets			
Cash and cash equivalents		28,935,289	28,426,756
Trade and other receivables		23,891,960	24,451,101
Inventories		14,520,601	13,904,501
Assets held for sale		-	-
Other current assets		1,420,216	993,242
Total Current Assets		68,768,066	67,775,600
Non-Current Assets			
Property, plant and equipment		27,391,638	26,495,463
Right of use assets		35,918,629	37,557,220
Intangible assets	9	86,954,263	84,240,787
Total Non-Current Assets		150,264,530	148,293,470
Total Assets		219,032,596	216,069,070
Current Liabilities			
Trade and other payables		22,945,685	20,094,236
Borrowings		1,560,000	1,559,723
Lease liabilities		5,164,693	5,879,834
Current tax liabilities		3,081,547	4,029,471
Other financial liabilities	10	9,716,000	6,550,000
Provisions		6,829,852	6,314,337
Total Current Liabilities		49,297,777	44,427,601
Non-Current Liabilities			
Borrowings		48,090,000	48,419,445
Lease liabilities		40,729,120	41,435,577
Net deferred tax liabilities		5,230,974	5,513,238
Other financial liabilities	10	4,184,000	6,550,000
Provisions		736,073	1,109,965
Total Non-Current Liabilities		98,970,167	103,028,225
Total Liabilities		148,267,944	147,455,826
Net Assets		70,764,652	68,613,245
Equity			
Contributed equity	3	50,693,401	50,693,401
Share Based Payments Reserve		126,994	68,121
Retained earnings		19,944,257	17,851,723
Total Equity		70,764,652	68,613,245

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 CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Ordinary Share Capital \$	Foreign Currency Translation Reserve \$	Asset Revaluation Reserve \$	Share Based Payments Reserve \$	Retained Earnings \$	Total \$
Balance as at 1 July 2020	43,737,151	-	-	477,952	16,293,885	60,508,988
Total comprehensive income for the half-year						
Profit for the half-year	-	-	-	-	1,238,145	1,238,145
Asset sales	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	1,238,145	1,238,145
Transactions with owners in their capacity as owners						
Shares issued during the half year	6,956,250	-	-	-	-	6,956,250
Dividends paid or provided for	-	-	-	-	(2,243,136)	(2,243,136)
Balance as at 31 December 2020	50,693,401	-	-	477,952	15,288,893	66,460,246
Total comprehensive income for the half-year						
Profit for the half-year	-	-	-	-	3,607,887	3,607,887
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	3,607,887	3,607,887
Transactions with owners in their capacity as owners						
Shares issued / (cancelled) during the half year	-	-	-	68,121	-	68,121
Dividends paid or provided for	-	-	-	-	(1,523,009)	(1,523,009)
Options exercised	-	-	-	(477,952)	477,952	-
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
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	4,442,821	4,442,821
Transactions with owners in their capacity as owners						
Share based payments expense	-	-	-	58,873	-	58,873
Dividends paid or provided for (see note 2)	-	-	-	-	(2,350,286)	(2,350,286)
Balance as at 31 December 2021	50,693,401	-	-	126,994	19,944,257	70,764,652

The accompanying notes form part of these financial statements

PROBIOTEC LIMITED
A.C.N. 075 170 151

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated	
	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020
Note	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	85,719,798	56,292,065
Payments to suppliers and employees	(68,167,882)	(47,282,106)
Income tax paid	(3,425,967)	-
Interest and other costs of finance paid	(2,130,953)	(1,102,554)
Net cash provided by operating activities	11,994,996	7,907,405
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(1,958,571)	(1,064,572)
Proceeds from sale of property, plant and equipment	-	750,000
Prepayment made for acquisitions	7 (2,824,802)	(32,418,729)
Payments for intangible assets	(887,773)	(609,985)
Net cash used in investing activities	(5,671,146)	(33,343,286)
Cash Flows From Financing Activities		
Dividends Paid	(2,350,286)	(2,243,136)
Proceeds from borrowings	382,670	40,000,000
Repayment of borrowings	(3,847,701)	(915,808)
Net cash provided by financing activities	(5,815,317)	36,841,056
Net increase in cash and cash equivalents	508,533	11,405,175
Cash and cash equivalents at the beginning of the period	28,426,756	6,305,680
Cash and cash equivalents at the end of the period	28,935,289	17,710,855

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1 BASIS OF FINANCIAL REPORT PREPARATION

- (a) These general purpose interim financial statements for half-year reporting period ended 31 December 2021 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 2021, together with any public announcements made during the following half-year.

Deferred tax assets and deferred tax liabilities have been offset in the half year accounts. Comparatives have been updated to reflect this policy change.

This year's half year results include Multipack-LJM which are not included in the comparative half year results as this acquisition was completed on 1 January 2021.

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

These interim financial statements were authorised for issue on 24 February 2021.

(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.

2 DIVIDENDS

	31 Dec 2021 \$	31 Dec 2020 \$
Ordinary Shares		
Dividends paid for during the half-year	2,350,286	2,243,136
Dividends not recognised at the end of the half-year	1,626,468	1,495,577

Since the end of the half-year the directors have declared an interim dividend of 2.0 cent per fully paid ordinary share.

The interim dividend was declared on 24 February 2021 and is payable on 18 March 2022 with a record date for determining entitlements to the dividend of 4 March 2022.

3 CONTRIBUTED EQUITY

Reconciliation of fully paid ordinary shares

	\$	Number of Shares
Balance at 1 July 2021	50,693,401	78,463,406
Issue of shares upon exercise of options	-	2,860,000
Balance at 31 December 2021	50,693,401	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-21 \$'000	31-Dec-20 \$'000
Contract manufacturing	85,160,657	42,583,375
Timing of revenue recognition		
At a point in time	-	-
Over time	85,160,657	42,583,375
	85,160,657	42,583,375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5 ADMINISTRATION & OTHER EXPENSES

(a) Administration & other expenses comprises:

Accounting, Audit and legal fees	329,860	140,275
Transaction costs	425,761	1,583,540
Insurance	611,489	380,375
Employee costs	7,207,410	4,209,704
Office expenses	499,030	318,556
Compliance costs	182,539	89,861
Amortisation - non contractual customer relationships	1,334,636	776,160
Other expenses	2,784,630	1,276,690
	<u>13,375,355</u>	<u>8,775,161</u>

6 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 half year.

7 ACQUISITION OF H&H PACKAGING

On 1 August 2021, Probiotec Limited ('Probiotec') acquired the assets and business of H&H Packaging ("H&H") for total cash proceeds of (up to) \$4 million with \$3.2 million at completion and a further \$0.8 million based on the achievement of an earnings target for the six months following completion.

The fair value of the purchase consideration as at the date of acquisition are as follows:

Purchase Consideration	\$
Cash	2,824,802
Contingent cash consideration	800,000
Total Purchase Consideration	3,624,802

Contingent consideration was subject to the achievement of an EBITDA target during the first six months post completion resulting in up to \$800,000 if the target is met. The fair value of the contingent consideration of \$800,000 has been estimated based on a probability factor applied to the likelihood of the relevant target being achieved. As at the date of this report, the earnings hurdle has been met and the Group is contractually obligated to make the payment of \$800,000 in March 2022.

The fair values of the assets and liabilities recognised as at the date of the acquisition are as follows:

Inventories	370,624
Property, plant and equipment	1,481,372
Non-contractual customer relationships	1,206,601
Deferred tax liabilities	(361,980)
Lease liability	(872,601)
Provisions	(377,079)
Net Assets	1,446,937
Goodwill	2,177,865

The goodwill is attributable to (amongst other things) the potential synergies Probiotec expects to derive from the integration of the H&H business into its existing business and an increased presence in the packaging segment of the packing supply chain. It will not be deductible for tax purposes. The goodwill recognised has been allocated to a separate CGU.

The figures above are provisional and the 12 month measurement period for changes will apply.

Acquisition related costs of \$82,053 are included in profit or loss and in operating cash flows in the statement of cash flows.

The purchase consideration cash out flow is as follows:

Cash consideration	2,824,802
Cash acquired	-
Net outflow of cash - investing activities	2,824,802

The acquired business contributed revenues of \$2.9 million and net profit of \$0.4 million (or \$0.3 million after transaction costs) to the Group between 1 July 2021 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

8 EXECUTIVE OPTION ISSUE

On 30 November 2021, 225,000 performance rights over fully paid ordinary shares were issued to eligible executives under the Probiotec Limited Executive Option Plan. They options expire 1 year after the release of the audited financial report for the 2023 financial report and vest subject to achieving proforma earnings per share for the year ending 30 June 2023 of at least 21.5 cents and the relevant executive being continuously employed for the period to 30 June 2023.

9 INTANGIBLE ASSETS

Reconciliation of intangible assets

	\$
Balance at 1 July 2021	84,240,787
Goodwill recognised on H&H Packaging acquisition (see note 7)	2,177,865
Non-contractual customer relationships recognised on H&H Packaging acquisition (see note 7)	1,206,601
Capitalised development costs	663,646
Amortisation	<u>(1,334,636)</u>
Balance at 31 December 2021	<u>86,954,263</u>

10 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 year two years post completion. The fair value of contingent consideration at 31 December 2021 is based on management's estimate of future forecasted performance of Multipack-LJM.

At 31 December 2021, the Group's estimate of the total fair value of the contingent consideration remains unchanged since 30 June 2021 at \$13,100,000. However, \$2,366,000 of the contingent consideration liability has been reclassified to current, due to the expediting of requirements for a major customer due to the pandemic and the subsequent unwinding of this in year two, together with known and expected changes to customer requirements into the future.

H&H Packaging - Contingent consideration

Refer to note 7 acquisition of H&H packaging for detail on contingent consideration.

	Note	31-Dec-21 \$	30-Jun-21 \$
Current			
Multipack-LJM contingent consideration		8,916,000	6,550,000
H&H Packaging contingent consideration	7	<u>800,000</u>	<u>-</u>
		<u>9,716,000</u>	<u>6,550,000</u>
Non-current			
Multipack-LJM contingent consideration		<u>4,184,000</u>	<u>6,550,000</u>
Total contingent consideration		<u>13,900,000</u>	<u>13,100,000</u>

**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 2021 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 24th day of February 2022

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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 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the 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:

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- 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.

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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 2021 and its performance for the half-year ended on that date and 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 24 February 2022