



Probiotec Limited

INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023

Results for announcement to market

Current Reporting Period: Half year ended 31 December 2023

Previous Corresponding Period: Half year ended 31 December 2022

Reported results	Movement			(\$'000)
Sales Revenue from continuing operations	Up	6.7%	to	113,962
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Down	16.4%	to	14,846
Earnings before interest and tax (EBIT)	Down	22.3%	to	8,127
Net profit from ordinary activities before tax attributable to members (NPBT)	Down	34.3%	to	4,956
Net profit for the period attributable to members (NPAT)	Down	42.7%	to	3,128
Earnings per share	Down	42.6%	to	3.85 ¢

Underlying results ¹	Movement			(\$'000)
Sales Revenue from continuing operations	Up	6.7%	to	113,962
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Up	0.1%	to	17,243
Earnings before interest and tax (EBIT)	Up	2.6%	to	11,747
Net profit from ordinary activities before tax attributable to members (NPBT)	Up	0.6%	to	8,576
Net profit for the period attributable to members (NPAT)	Up	0.6%	to	6,029
Earnings per share	Up	0.6%	to	7.41 ¢

¹ Excluding non-recurring transaction costs, cost related to the Scheme Implementation Deed announced on 22 December 2023, costs associated with the NSW site consolidation project and amortisation of customer relationships.

Net Tangible assets per share as at 31 December 2023	5.6 c
Net Tangible assets per share as at 31 December 2022	(4.5 c)

Dividends (Ordinary shares)	Record Date	Amount per Security	Franked Amount per Security
Interim Dividend	5 March 2024	3.5 cent	3.5 cent

Dividends

The directors have today declared an interim dividend of 3.5 cents per ordinary share, fully franked, and to be paid on 15 March 2024. The dividend will be payable to shareholders of record on 5 March 2024. The Interim dividend in the prior period was 3.0 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 2023 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:

Probiotec Ltd has appointed Morgans Financial Limited and Morrow Sodali to manage investor relations and shareholder engagement including with respect to the Scheme Implementation Deed as announced on the 22nd December 2023.

Shareholders are welcome to address queries to:

Institutional Investors

Stephen Stroud
Phone: 03 9947 4111

Eliot Graham
Phone: 03 9947 4111

Retail Investors

If you have any questions about the proposed Scheme meeting, please contact the Morrow Sodali - Probiotec Limited Information Line:

- 1300 502 987 (within Australia)
- +61 2 9066 4051 (outside Australia).
- Lines are open Monday to Friday between 9am – 5pm (Sydney Time).

The Probiotec Group



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

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

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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 2023.

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

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 3.5 cents per fully paid ordinary share has been declared for the half year ended 31 December 2023 (2022: 3.0 cents). A dividend of 3.5 cents per fully paid ordinary share was paid during the half year ended 31 December 2023, being the final dividend relating to the financial year ended 30 June 2023.

Review of operations

The Group's statutory net operating profit after tax from continuing activities attributable to members for the half year was \$3.1 million.

The Group's underlying¹ net operating profit after tax from continuing activities attributable to members for the half year was \$6.0 million (\$5.9m in the prior corresponding period).

Underlying² Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$17.2 million, up nominally on the prior corresponding period.

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 2023.

¹ Excluding non-recurring transaction costs, cost related to the Scheme Implementation Deed announced on 22 December 2023, costs associated with the NSW site consolidation project and amortisation of customer relationships.

² Excluding non-recurring transaction costs, cost related to the Scheme Implementation Deed announced on 22 December 2023 and costs associated with the NSW site consolidation project.

Significant After Balance Date Events

Other than the declaration of a 3.5 cents per share interim dividend on 27 February 2024, 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.

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 27th day of February 2024

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 2023 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

Chartered Accountants



Hayley Underwood
Partner

Melbourne, 27 February 2024

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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 2023**

	Note	Consolidated	
		Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Sales revenue	4	113,961,568	106,770,158
Cost of goods sold		<u>(80,173,222)</u>	<u>(74,901,055)</u>
Gross profit		33,788,346	31,869,103
Other income		-	353
Warehousing and distribution expenses		(4,772,219)	(4,758,595)
Sales and marketing expenses		(2,830,245)	(2,412,864)
Finance costs		(3,170,828)	(2,925,279)
Fair value gain		-	616,912
Administration and other expenses	5	<u>(18,058,806)</u>	<u>(14,848,569)</u>
Profit before income tax expense		4,956,248	7,541,061
Income tax expense		<u>(1,827,767)</u>	<u>(2,080,285)</u>
Profit for the period attributable to members of the parent entity		<u>3,128,481</u>	<u>5,460,776</u>
Other Comprehensive income			
Other comprehensive income / (loss) for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>3,128,481</u>	<u>5,460,776</u>
Total comprehensive income for the half-year attributable to members of the parent entity		<u>3,128,481</u>	<u>5,460,776</u>
Earnings per share for profit attributable to members of the parent entity			
Basic (cents per share)		3.85	6.71
Diluted (cents per share)		3.73	6.62
Earnings per share for profit from continuing activities attributable to members of the parent entity			
Basic (cents per share)		3.85	6.71
Diluted (cents per share)		3.73	6.62

The accompanying notes form part of these financial statements

PROBIOTEC LIMITED
A.C.N. 075 170 151

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Consolidated	
		31 Dec 2023	30 Jun 2023
		\$	\$
Current Assets			
Cash and cash equivalents		12,838,321	14,050,414
Trade and other receivables		34,726,289	36,385,979
Inventories		22,448,381	23,790,229
Other current assets		2,610,316	1,441,787
Total Current Assets		72,623,307	75,668,409
Non-Current Assets			
Property, plant and equipment		33,162,989	31,679,701
Right of use assets		28,075,411	29,307,268
Deferred tax assets		13,494,862	14,081,597
Intangible assets	7	84,083,778	84,701,903
Total Non-Current Assets		158,817,040	159,770,469
Total Assets		231,440,347	235,438,878
Current Liabilities			
Trade and other payables		30,693,850	32,287,916
Borrowings		1,800,000	46,955,832
Lease liabilities		5,202,662	5,606,041
Current tax liabilities		-	850,404
Provisions		8,299,329	7,993,029
Total Current Liabilities		45,995,841	93,693,222
Non-Current Liabilities			
Borrowings		44,561,608	-
Lease liabilities		34,548,122	35,334,333
Deferred tax liabilities		16,959,197	18,386,294
Provisions		1,047,982	886,910
Total Non-Current Liabilities		97,116,909	54,607,537
Total Liabilities		143,112,750	148,300,759
Net Assets		88,327,597	87,138,119
Equity			
Contributed equity	3	53,179,543	53,179,543
Share based payments reserve		1,555,719	648,402
Retained earnings		33,592,335	33,310,174
Total Equity		88,327,597	87,138,119

The accompanying notes form part of these financial statements

PROBIOTEC LIMITED
A.C.N. 075 170 151

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Ordinary Share Capital \$	Share Based Payments Reserve \$	Retained Earnings \$	Total \$
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	-	214,294	-	214,294
Dividends paid or provided for	-	-	(2,846,046)	(2,846,046)
Balance as at 31 December 2022	51,660,902	392,377	30,192,741	82,246,020
Total comprehensive income for the half-year				
Profit for the half-year	-	-	5,557,410	5,557,410
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	-	5,557,410	5,557,410
Transactions with owners in their capacity as owners				
Shares issued during the half year	1,301,201	473,465	-	1,774,666
Share based payments	217,440	(217,440)	-	-
Dividends paid or provided for	-	-	(2,439,976)	(2,439,976)
Balance as at 1 July 2023	53,179,543	648,402	33,310,175	87,138,119
Total comprehensive income for the half-year				
Profit for the half-year	-	-	3,128,481	3,128,481
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	-	3,128,481	3,128,481
Transactions with owners in their capacity as owners				
Share based payments expense	-	907,317	-	907,317
Dividends paid or provided for (see note 2)	-	-	(2,846,321)	(2,846,321)
Balance as at 31 December 2023	53,179,543	1,555,719	33,592,335	88,327,597

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 2023

	Consolidated	
	Half-year ended 31 Dec 2023	Half-year ended 31 Dec 2022
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	127,183,384	120,626,565
Payments to suppliers and employees	(110,227,100)	(103,895,315)
Income tax paid	(4,530,426)	(3,036,332)
Interest and other costs of finance paid	(3,170,828)	(2,925,279)
Net cash provided by operating activities	9,255,030	10,769,639
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(4,450,988)	(3,418,680)
Payments for intangible assets	(937,135)	(1,269,521)
Net cash used in investing activities	(5,388,123)	(4,688,201)
Cash Flows From Financing Activities		
Dividends Paid	(2,846,321)	(2,846,046)
Proceeds from issue of shares	-	367,500
Proceeds from equipment finance loans	1,173,829	151,842
Repayment of borrowings	(3,406,508)	(3,189,467)
Net cash used in financing activities	(5,079,000)	(5,516,171)
Net increase in cash and cash equivalents	(1,212,093)	565,267
Cash and cash equivalents at the beginning of the period	14,050,414	22,203,568
Cash and cash equivalents at the end of the period	12,838,321	22,768,835

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1 BASIS OF FINANCIAL REPORT PREPARATION

- (a) These general purpose interim financial statements for half-year reporting period ended 31 December 2023 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 2023, 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 27 February 2024.

(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 2023	31 Dec 2022
	\$	\$
Ordinary Shares		
Dividends paid for during the half-year	2,846,321	2,846,046
Dividends not recognised at the end of the half-year	2,846,321	2,439,702

Since the end of the half-year the directors have declared an interim dividend of 3.5 cents per fully paid ordinary share.

The interim dividend was declared on 27 February 2024 and is payable on 15 March 2024 with a record date for determining entitlements to the dividend of 5 March 2024.

3 CONTRIBUTED EQUITY

Reconciliation of fully paid ordinary shares

	\$	Number of Shares
Balance at 1 July 2023	53,179,543	81,323,406
Repayment of executive loans linked to fully paid ordinary shares	-	-
Balance at 31 December 2023	53,179,543	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-23	31-Dec-22
	\$'000	\$'000
Contract manufacturing	113,961,568	106,770,158
Timing of revenue recognition		
At a point in time	-	-
Over time	113,961,568	106,770,158

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

5 ADMINISTRATION & OTHER EXPENSES

	31 Dec 2023	31 Dec 2022
	\$	\$
Administration & other expenses comprises:		
Accounting, audit and legal fees	503,219	442,166
Transaction costs	635,743	92,809
Insurance	599,598	584,577
Employee costs	9,295,281	8,042,449
Office expenses	503,219	557,193
Compliance costs	88,050	83,747
Depreciation	3,452,464	1,276,670
Amortisation - non contractual customer relationships	1,222,507	1,222,507
Other expenses	1,758,725	2,546,451
	<u>18,058,806</u>	<u>14,848,569</u>

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 INTANGIBLE ASSETS

Reconciliation of intangible assets

	\$
Balance at 1 July 2023	84,701,903
Capitalised development costs	937,135
Other additions	-
Amortisation	(1,555,260)
Balance at 31 December 2023	<u>84,083,778</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 2023 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 27th day of February 2024

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 consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information 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 2023 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 Company 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 2023 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

Chartered Accountants



Hayley Underwood
Partner

Melbourne, 27 February 2024