Probiotec Limited
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ASX ANNOUNCEMENT

24 November 2021

CEO ADDRESS TO ANNUAL GENERAL MEETING

Good morning shareholders and welcome to the Probiotec Annual General Meeting for 2021.

Opening

The last year has been further proof that the Company continues to deliver upon its strategic plans and deliver consistent growth.

Up against what can only be described as very challenging circumstances due to the Covid-19 pandemic the business has delivered another outstanding result.

During the year our highlights included:

- Record revenue, earnings and Operating Cash Flow
- *Completion of two significant and important acquisitions:*
  - Multipack LJM and LJM Marketing Services from the 1 January 2021, and;
  - H&H Packaging from 1 August 2021
- Signing of record new business as previously announced – setting up the future of the Group; and
- An increased dividend to $0.05 cps for the full year

This coupled with a conservative and well positioned Balance Sheet with Net Bank Debt / Pro Forma EBITDA of 0.7 times as at 30 June 2021 provides a strong platform for the Company to continue its current trajectory.

Our Strategy

Our aim is to become the leading contract manufacturer and packer in the Pharmaceutical and adjacent segments in Australia.

With our materially expanded footprint across the country including 4 sites in NSW and 2 in Victoria, significant available capacity and our large portfolio of quality customers, we are in an excellent position.

The last 1 to 2 years has seen what we believe is a fundamental shift in global supply chains. The realisation of the importance of having local or in country manufacturing to avoid being exposed to major supply chain disruption is now widely recognised.

We believe that this positions manufacturing and in particular pharmaceutical manufacturing and packing in the middle of a growing and exciting segment for the foreseeable future. Probiotec expects to continue to see a wider push from its customers to bring manufacturing onshore.

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With our:

- ✓ High quality and heavily contracted client base
- ✓ Significant available capacity
- ✓ Largely untapped opportunity to cross sell a wider range of our services to our wider client base; and
- ✓ Our experienced management team

We believe the runway and prospects for the Company are most encouraging.

Highlights for the Year

During the year we have continued to build momentum, deliver and set the business up for the future.

Some highlights I would like to emphasise are:

- ✓ *Revenue CAGR of 48% and EBITDA CAGR of 77% since FY19*
- ✓ *Organic Growth Drivers*, including:
  - Onshoring and localisation of manufacturing
  - Acquisition benefits including cross fertilisation (i.e. selling more of our products and services to more of our client base across the Group)
  - Opportunity for future site consolidation and synergies
  - Recovery of cough & cold sales in FY22 (impacted by Covid-19 restrictions over the last 18 months)
- ✓ *Inorganic Drivers*
  - Ability to leverage our capabilities into new sectors and product formats (e.g. veterinary with Probiotec obtaining Veterinary manufacturing licences over the past 3 months within its key facilities)
  - Cost out and margin optimisation achieved via operating leverage and balancing across the sites
  - M&A opportunities, which will continue to be a focus for the Group

FY22 Trading Update

I am pleased to announce today that the trading performance as we emerge from Covid-19 is ahead of expectation.

Consistent with our previous statements we do not intend to provide formal guidance at this time.

However, our Q1'21 trading performance is ahead of expectations and trading conditions continue to improve. Based on this we expect to deliver growth in FY22 earnings compared to FY21 proforma results.

Cough, cold and flu categories are showing early signs of recovery and are expected to progressively recover as Covid-19 restrictions ease and we approach the peak season for supply in the 2nd half of FY22.

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The results for the 4 months ended 31 October 2021 (based on unaudited management accounts) sees Sales Revenue of $56.7m and EBITDA of $10.1m.

We continue to win new business, which will be introduced to the group progressively over the next 6-18 months (reflecting the relative complexity and regulatory requirements).

Pleasingly the H&H Packaging business integration is on track and performing ahead of expectations, under Probiotec ownership from 1 August 2021.

Closing

I would like to thank several people in closing including:

- The Board for their invaluable counsel, guidance, leadership and significant contribution throughout the year;
- Mr Greg Lan for his significant long-term contribution with his retirement today;
- Mr Simon Gray, whose contribution to date has been excellent;
- Our shareholders for their ongoing support; and
- Our great team at Probiotec including all of our new staff across the acquired businesses. The team's commitment and unwavering focus on the task at hand during such a challenging environment is unquestionable.

The executive and entire senior leadership team at Probiotec look forward to continuing to execute on our strategic plan with the focus on creating shareholder value short – mid – and long term.

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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.

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